

23 November 2021

Australian Securities Exchange  
Attention: **Companies Department**

**BY ELECTRONIC LODGEMENT**

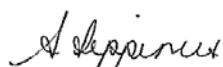
Dear Sir / Madam

Please find attached presentation and additional comments to be made today at the Brickworks Limited Annual General Meeting 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

Daniel Robertson Overland Range  
Carbon neutral bricks

# 87<sup>th</sup> Annual General Meeting

23 November 2021

Mr. Robert Millner  
Chairman

Mr. Lindsay Partridge  
Managing Director

Ms. Emily Antonio  
General Manager Operations

**BRICKWORKS**



Welcome to the Brickworks Limited 2021 Annual General Meeting.

My name is Robert Millner and I am your Chair.

We have a quorum and I am pleased to declare the meeting open.

I am delighted to be able to also extend a warm welcome to our shareholders who are participating through our online meeting platform.

I would like to start by introducing my fellow directors. Speaking from the room shortly is:

- Mr Lindsay Partridge, the Managing Director.

Attending in the audience are:

- Mr Michael Millner, the Deputy Chairman;
- Mr Robert Webster;
- Ms Deborah Page;

- Ms Robyn Stubbs; and
- Mr Malcolm Bunday.

Also attending is the Company Secretary, Susan Leppinus, the CFO, Robert Bakewell and Jodie Inglis from our auditors Ernst & Young.

Barry Azzopardi of Computershare Investor Services will act as returning officer for the purposes of conducting and determining the results of the poll.

The notice of meeting was made available to all shareholders. Copies are also available on the ASX company announcements page and our website.

I take the notice of meeting as read.

Today

## Agenda

Chairman's Address	01
MD's Address	02
Sustainability	03
Questions	04
Formal Business	05

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Now to the agenda for today's meeting.

After I have completed my overview, Lindsay will give the Managing Director's Address, including a review of Investments, Property, and our Building Products businesses in Australia and North America.

Following Lindsay's address, Emily Antonio, our General Manager Operations, will provide an overview of the progress we are making on sustainability.

Shareholders will then have the opportunity to ask questions.

We will then proceed to the formal part of the meeting.

# Chairman's Address

Section 01

BRICKWORKS



## FY21 Overview

# Record Underlying NPAT \$285m, up 95%

Brickworks has delivered another strong performance, underpinned by a diversified portfolio of attractive assets, with inferred asset value of \$4.5 billion<sup>1</sup>

Value of WHSP stake up by \$1.2 billion during the year

Property Trust value up by \$184 million, strong structural tailwinds

Australian Building Products EBIT up 36%

North American operations impacted by COVID-19 pandemic, strategy on track

1. As at the close of trade on 31 July 2021

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It gives me pleasure to report that the Company delivered another strong financial result in financial year 2021, with record underlying profit of \$285 million, up 95% on the prior year.

The contribution from Property was again a standout, with strong demand for our prime industrial land driving a significant increase in the value of our portfolio.

Performance across Building Products was mixed, with the Australian operations largely unaffected by the COVID-19 pandemic for most of the year, and delivering significantly higher earnings.

Our North American operations were severely disrupted by the pandemic. Although this had an adverse impact on earnings in that region, the business made good progress on a range of strategic initiatives.

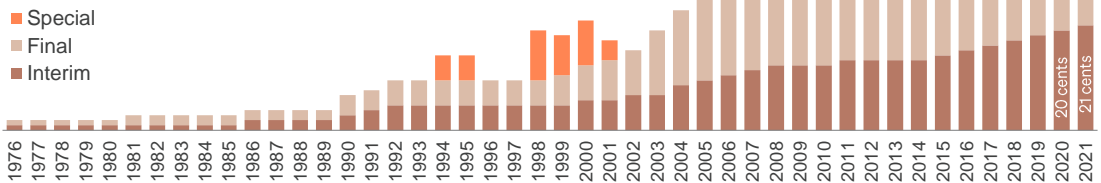
In addition to delivering the record underlying earnings, asset growth was very strong during the year. This included the value of our stake in WHSP increasing by \$1.2 billion over the year.

# Dividends

Brickworks normal dividend has been maintained or increased since 1976

## Brickworks Dividend History

- 40 cents per share final dividend (fully franked), up 3%. Paid on 24 Nov.
- 61 cents per share total dividends (fully franked), up 3%
- Long history of dividend growth
- 45 years since normal dividends last decreased (1976)



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A fully franked final dividend of 40 cents per share is payable to shareholders tomorrow. This takes the full year dividend to 61 cents per share, up 3%.

We are proud to be one of very few ASX200 companies who have increased dividends to our shareholders during the pandemic and have not needed to raise equity or receive government support payments. Including this year's dividend increase, we have now maintained or increased normal dividends for the last 45 years.

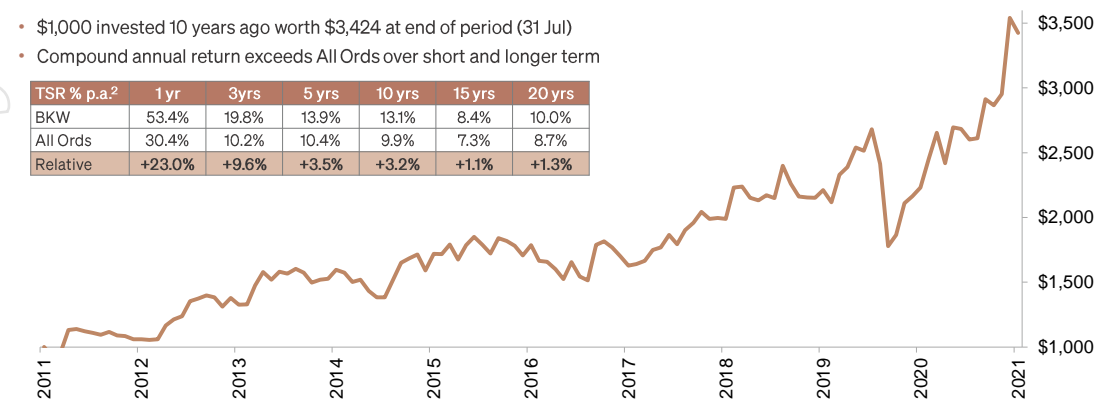
## Total Value Creation

Brickworks has created significant shareholder value over the long term

Value of \$1,000 invested in 2011 (10 years ago)<sup>1</sup>

- \$1,000 invested 10 years ago worth \$3,424 at end of period (31 Jul)
- Compound annual return exceeds All Ords over short and longer term

TSR % p.a. <sup>2</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. Investment period shown is 1 Aug 2011 – 31 July 2021. Includes dividends re-invested.  
2. Total shareholder return to 31 July 2021, assuming dividends re-invested.

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In addition to dividend growth, Brickworks also has a strong history of total value creation.

Based on the share price at the end of the financial year, the Company has delivered shareholder returns of 13.1% per annum for 10 years, incorporating both dividends and share price appreciation.

This means that \$1,000 invested in Brickworks in 2011 would be worth almost \$3,500 at the end of the year.

Performance over a range of periods is also shown on the slide, with Brickworks performance exceeding the index over 1,3,5,10,15 and 20 years.



## Board Governance

- The Board currently comprises seven directors, including four independent non-executive directors
- Further board transition to occur over the next two years
  - Robert Webster will not seek re-election at the 2022 Annual General Meeting, when his current three-year term concludes
  - Michael Millner intends to offer himself for re-election in 2022, before retiring at the 2023 Annual General Meeting
- One or more new independent non-executive directors will be appointed to replace Robert and Michael, ensuring board independence

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Brickworks has a strong and stable Board that is committed to acting in the best interests of shareholders and ensuring that Brickworks is well-positioned for future growth.

The Board regularly reviews its capabilities and composition to ensure an optimal mix of skills, knowledge, and experience to safeguard the continued and long-term success of the Company.

The Board currently comprises seven directors, including four independent non-executive directors.

A period of further board transition is planned over the next few years, with Robert Webster having advised me that he will not seek re-election at the 2022 Annual General Meeting, when his current three-year term concludes.

Michael Millner's term also concludes at the same time. To assist with an orderly transition process, Michael intends to offer himself for re-election in 2022, before retiring at the 2023 Annual General Meeting.

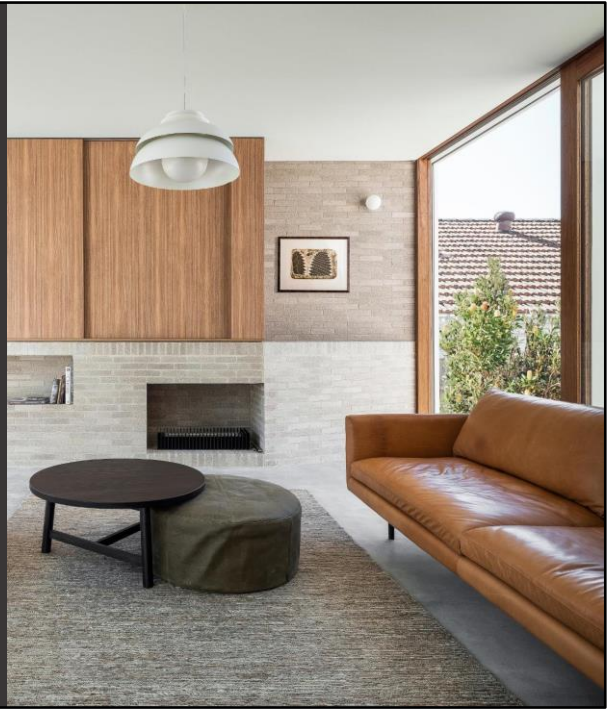
As part of our succession plan, it is the Company's intention to engage external consultants to assist with the appointment of one or more new independent non-executive directors to replace Robert and Michael, ensuring board independence.

I will now hand over to Lindsay for the Managing Director's address.

# Managing Director's Address

## Section 02

BRICKWORKS



Thank you, Chairman. Good afternoon, ladies and gentlemen.

Despite the many challenges faced in FY2021, it gives me great pleasure to report another successful result.

As well as delivering strong financial results, we have also made significant progress in the implementation of a range of strategic initiatives to position the company for further growth.

## Impacts of COVID-19

Brickworks' operations have been resilient, despite the impacts of the pandemic

- Major impact on workplace trends
- United States operations were significantly impacted in the first half of FY21
  - Sales activity across several states were restricted for various periods
  - Major commercial projects delayed
  - Workforce challenges due to COVID-19 cases amongst employees
- \$5 million in COVID-19 related costs recorded as a significant item in FY21 – primarily related to the impact in North America
- An estimated additional adverse earnings impact of \$3-5 million in 1<sup>st</sup> quarter FY22, due to restrictions imposed in Sydney and Melbourne
  - Sydney restrictions also caused some delays to Property Trust developments (now largely recovered)
- Major investment program continued throughout the pandemic
- No government support payments received<sup>1</sup> or equity raise required

1. Excludes a tax benefit that Brickworks is eligible to receive in relation to the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") in the United States of America

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Firstly, I will take a moment to discuss the specific impacts of COVID-19.

The pandemic has had a fundamental impact on our workplace over the past 18 months. Extended travel restrictions and lockdowns have reduced face-to-face meetings. To compensate we have increased our level of internal communication more than ever, utilising video technology to efficiently carry out daily management meetings and staff communications.

Operations in the United States were significantly impacted by the pandemic in FY2021. Sales activity across several US states was restricted for various periods during the first half. Many major projects in our key commercial market were delayed. In addition, our operations were directly impacted due to COVID-19 cases across our workforce. We recorded \$5 million in COVID-19 related costs as a significant item in FY2021, primarily related to these impacts.

In Australia, operations were relatively unaffected throughout FY2021. However, in the first quarter of the current financial year, temporary restrictions on construction activity were imposed in Sydney and Melbourne, our two largest markets. We estimate that these restrictions have had an additional \$3-5 million impact on earnings.

On a positive note, demand for our building products has remained resilient throughout the pandemic. We have seen changing consumer preferences towards lower density living, and on the whole, this is a positive for our portfolio of products.

Throughout the pandemic, we have maintained our major capital investment program, despite travel bans that have restricted the mobility of our engineering crews and overseas-based suppliers. Our teams have shown persistence and initiative to overcome the unprecedented challenges and keep these projects moving forward. The completion of these projects will place us in a strong competitive position, and I will provide an update on them later.

We have also seen an acceleration in trends such as online shopping, and this has driven strong demand and increased valuations of our industrial property. Development activity within the Property Trust was temporarily slowed in August, but we have largely recovered these delays.

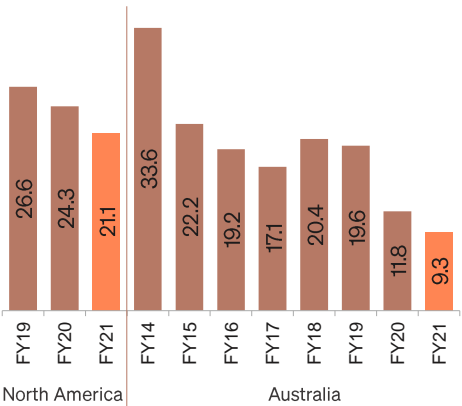
Overall, Brickworks' diversified portfolio of attractive assets, and strong balance sheet have allowed the Company to successfully navigate the pandemic, without receiving any government support payments or undertake a dilutive capital raising. Given supportive industry trends and our continued investment throughout the pandemic, we are now well placed to benefit as the economy re-opens.

## Safety

A sustained decrease in workplace injuries has been achieved

- Strong safety performance in Australian operations
  - Sustained decrease in injury rate over many years
  - Record low rate achieved in FY21
  - 1 lost time injury in FY21
- Injury rates are currently higher in acquired US operations, but decreasing year on year
  - 10 lost time injuries in FY21
- Additional health and safety initiatives are being implemented in the United States to improve performance

Total Reportable Injury Frequency Rate  
Injuries per million work hours



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I am pleased to report that we continue to make steady progress on improving workplace safety.

A sustained decrease in injuries across Australian operations has been achieved over the past decade, through disciplined implementation of safety management systems and procedures, together with behavioural leadership and safety training programs.

In 2021, we achieved a record low reportable injury frequency rate of 9.3 and reported just one lost time injury across our Australian operations.

Our safety management systems continue to be rolled out across our operations in North America where injury rates are higher than Australia. In North America there were 10 lost time injuries during the year. Encouragingly, the total recordable injury rate decreased from 24.3 to 21.1.

## FY21 Financial Highlights

Another strong financial result, with underlying profit up by 95%

**\$890m**

Group Revenue ↓6%

**\$453m**

Underlying EBITDA ↑61%

(continuing operations)

**\$285m**

Record Underlying Profit ↑95%

(continuing operations)

**\$239m**

Statutory Profit ↓20%

**189 cents**

Underlying EPS ↑93%

(continuing operations)

**\$29.80/share**

Net Inferred Asset Value ↑48%

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Moving now to our financial performance for FY2021.

Revenue of \$890 million was down 6%. The decrease was primarily due to land sales revenue recorded last year, and the impact of exchange rate movements on Building Products North America revenue, when reported as Australian dollars.

EBITDA from continuing operations of \$453 million, was up 61%, primarily driven by increased earnings from Property, Investments and Building Products Australia.

As the Chairman mentioned, underlying net profit after tax from continuing operations was a record, at \$285 million.

This translates to underlying earnings per share of 189 cents.

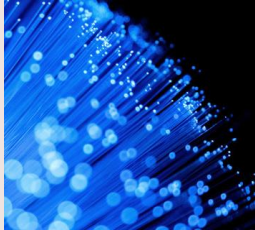
After including significant items and discontinued operations, the statutory profit was \$239 million, down 20% from FY2020, which included a large one-off profit in relation to our shareholding in WHSP.

## Divisional Overview

Brickworks has a diversified portfolio of attractive assets across four divisions

### Investments 63% of Group assets

26.1% interest in WHSP, an ASX100 diversified investment house



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### Property 19% of Group assets

Joint Venture Industrial Property Trust with Goodman Group



### Building Products Australia 14% of Group assets

Australia's leading brickmaker + strong positions in other building products



### Building Products North America 5% of Group assets

Leading brickmaker in north east USA



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Brickworks has a strong portfolio of diversified businesses, consisting of:

- A 26.1% interest in WHSP;
- A 50% share of an industrial property trust with the Goodman Group;
- Building Products in Australia; and
- Building Products in North America.

At the end of the financial year, the net inferred asset backing of these assets was \$4.5 billion, after including our net debt. This equates to \$29.80 per share.

This asset value includes land, both operational and surplus, with market value that is significantly higher than book value. We are currently evaluating options to release this value.

I will now briefly provide an overview of each business.

## Investments - Major Shareholder in WHSP

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

# \$97m

FY21 Underlying EBITDA

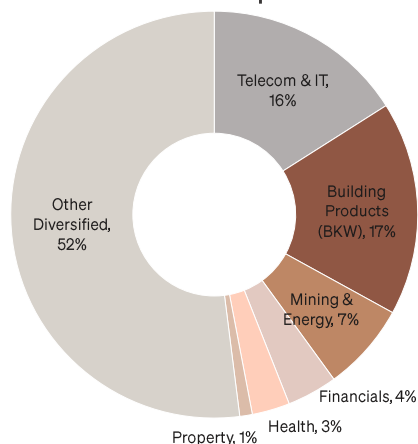
### Investment in WHSP

- 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 Corporation. As a result, Brickworks is now the major shareholder in Australia's leading publicly listed investment house
  - Total market capitalization exceeds \$11 billion
  - Top 50 ASX listed company (by market value)
  - Brickworks shareholding is 26.1%
- The merger will provide WHSP with increased scale, diversification and liquidity to pursue additional investment opportunities
- Brickworks holds 94.3 million shares, with a current market value of around \$3 billion

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

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



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Brickworks is the major shareholder in WHSP, with our initial investment dating back to 1968.

The investment in WHSP has delivered outstanding returns, steadily increasing dividends and diversification.

In financial year 2021, Investments delivered an underlying earnings contribution of \$97 million and dividends of \$58 million to Brickworks.

WHSP has recently merged with Milton, another large ASX listed investment company. The larger WHSP has a market capitalisation of over \$11 billion, and is now a top 50 company on the ASX by market value.

The asset exposure of WHSP post the merger is shown by the chart on the right of screen. The merger will provide WHSP with increased scale, diversification and liquidity to pursue additional investment opportunities.

Brickworks holds 94.3 million shares in WHSP with a current market value of around \$3 billion.



## Property - Long Pipeline of Further Development

Brickworks' is a 50% shareholder in an industrial property trust with leased assets of \$2.0 billion and a long development pipeline

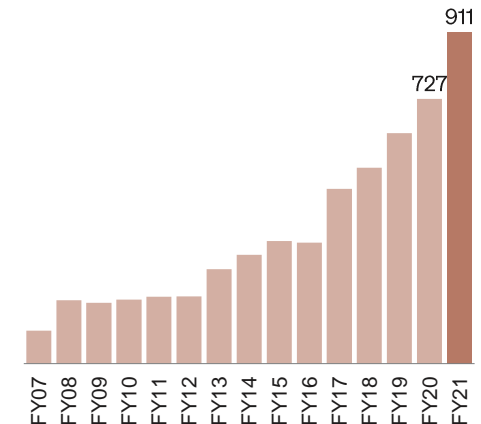
# \$253m

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
- At the end of FY21 total leased assets within the Property Trust were \$2 billion, generating \$89 million in gross annual rent
- 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 within the Property Trust
  - Pre-committed developments to be completed over the next 2 years will drive an increase in leased assets of \$1.2 billion and gross rent of \$50 million

### BKW 50% share of Property Trust Assets



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Turning now to Property, which delivered underlying earnings of \$253 million in 2021.

Our property earnings are derived from selling surplus operational land, and through our 50% ownership in a Joint Venture Property Trust with Goodman.

Having grown significantly since its inception in 2006, the Trust now makes up the vast majority of our Property earnings.

The Trust structure is based on Brickworks selling surplus operational land into the Trust at market value and Goodman funding the infrastructure works, to create serviced land ready for development. Balancing payments may be required to ensure an equitable contribution towards the value of the fully serviced land.

Once a lease pre-commitment is secured, the serviced land can then be used as security, with debt funding used to cover the cost of constructing the facilities.

The relationship is mutually beneficial, with Brickworks gaining access to Goodman's development expertise and network of customers, and Goodman gaining access to Brickworks prime industrial land.

At the end of financial year 2021, the total value of leased assets held within the Property Trust stood at \$2 billion. These assets generate around \$89 million in gross annual rent.

Brickworks 50% share of net assets, after including debt and assets under development, was \$911 million at the end of the year.

Oakdale West Estate (Amazon facility in foreground, Coles facility at rear)  
As at 15 November 2021



- Strong demand for prime industrial property is being fuelled by structural tailwinds, resulting in an unprecedented development pipeline within the Property Trust.

The new developments are increasingly sophisticated, incorporating features such as robotics, automation and multi-storey warehousing. The development of these advanced facilities has become a critical competitive advantage for many businesses in the new economy and will continue to support the increasing value of the Property Trust.

One example is the state-of-the-art Amazon facility shown on screen. This is located at our Oakdale West estate in Horsley Park, in western Sydney.

This facility is expected to be completed in the coming months.

In the background of this photo you can also see the Coles distribution warehouse, with construction of this facility expected to be completed towards the end of calendar year 2022.

In the last six months, a number of new tenants have pre-committed to facilities at Oakdale West. This includes a 35,500 square metre facility for Woolworths, a 32,000 square metre facility for Australia Post and an 11,000 square metre warehouse for Xylem.

The completion of these facilities, and the long pipeline of other pre-committed developments, will result in an increase in leased assets of around \$1.2 billion and gross rent of \$50 million within the Property Trust over the next two years.

## Building Products Australia

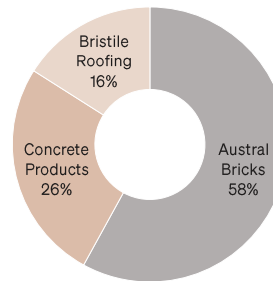
Australia's leading brickmaker, with strong positions in other building products

**\$97m**

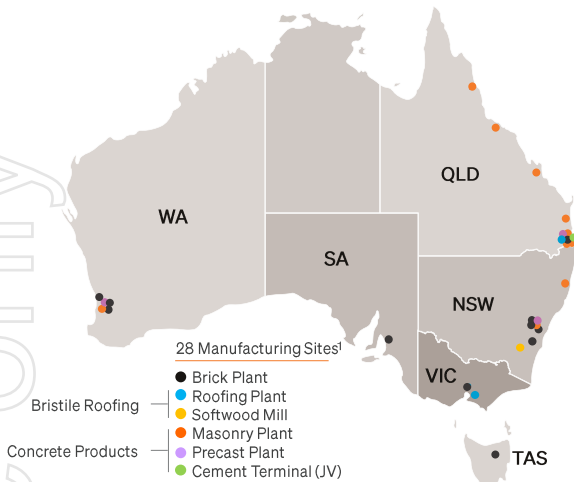
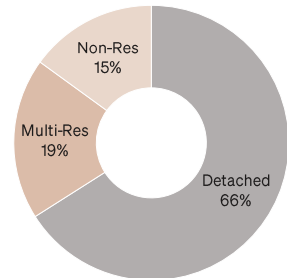
FY21 Underlying EBITDA

### Building Products Australia FY2021 Revenue \$687 million

#### By Division



#### By End-Market



1. As at 31 July 2021

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Building Products Australia is a leading manufacturer and distributor of building products across all Australian states. Since 2000, the Building Products Group has grown from a two-state brick manufacturer, in New South Wales and Queensland, to a diversified national building products business.

In total, Building Products Australia comprises 28 manufacturing sites and more than 45 design centres and studios across the country.

The portfolio includes:

- Austral Bricks: Australia's largest clay brick manufacturer with significant market positions in every state;
- Concrete Products, comprising Austral Masonry, Austral Precast and Southern Cross Cement; and
- Bristle Roofing.

Building Products Australia is primarily exposed to the residential housing market, with 85% of sales into this segment.

In financial year 2021, revenue from Building Products Australia was \$687 million and underlying EBITDA was \$97 million.



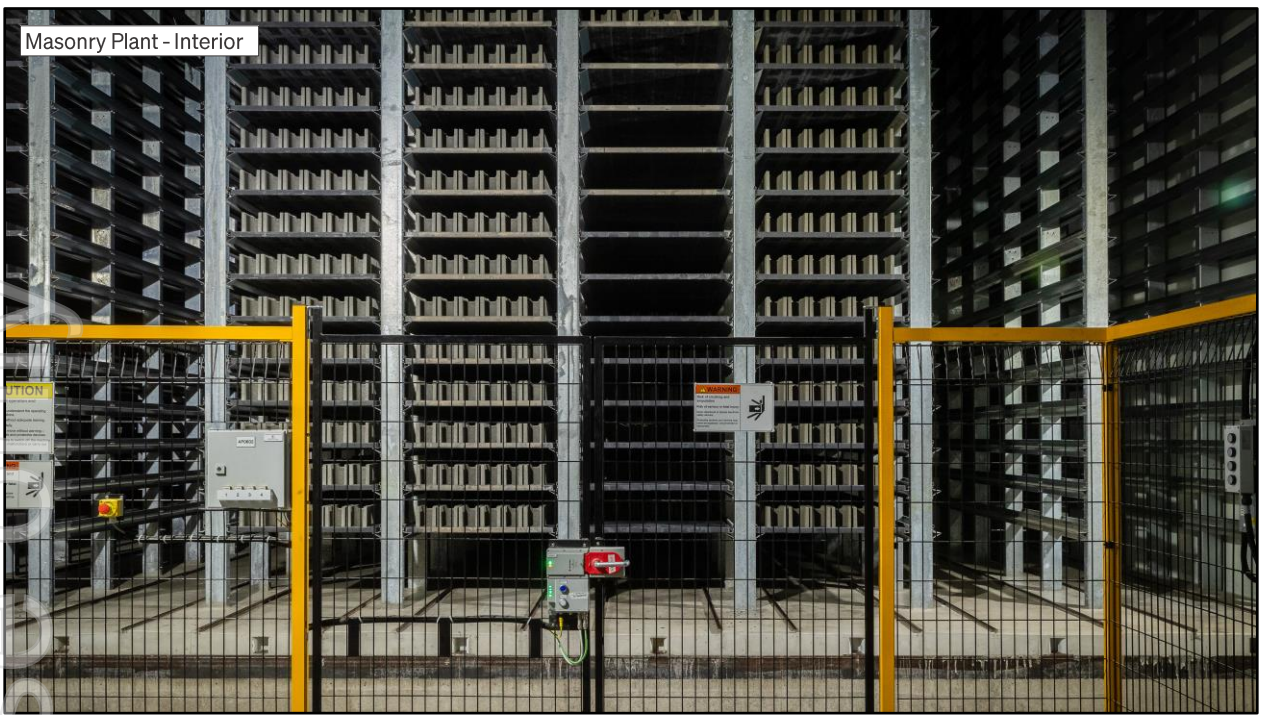
Masonry Plant at Oakdale East Estate



As I mentioned earlier, we have maintained our significant capital investment program over the past 18 months, and this will place us in a strong competitive position in key markets as we emerge from the pandemic.

Our new Sydney masonry plant, on the Property Trust's Oakdale East Estate, reached practical completion in July.

The masonry plant is shown in the foreground of the photo on screen.



Over the past few months our team has been working through the commissioning process, and this is now well advanced.

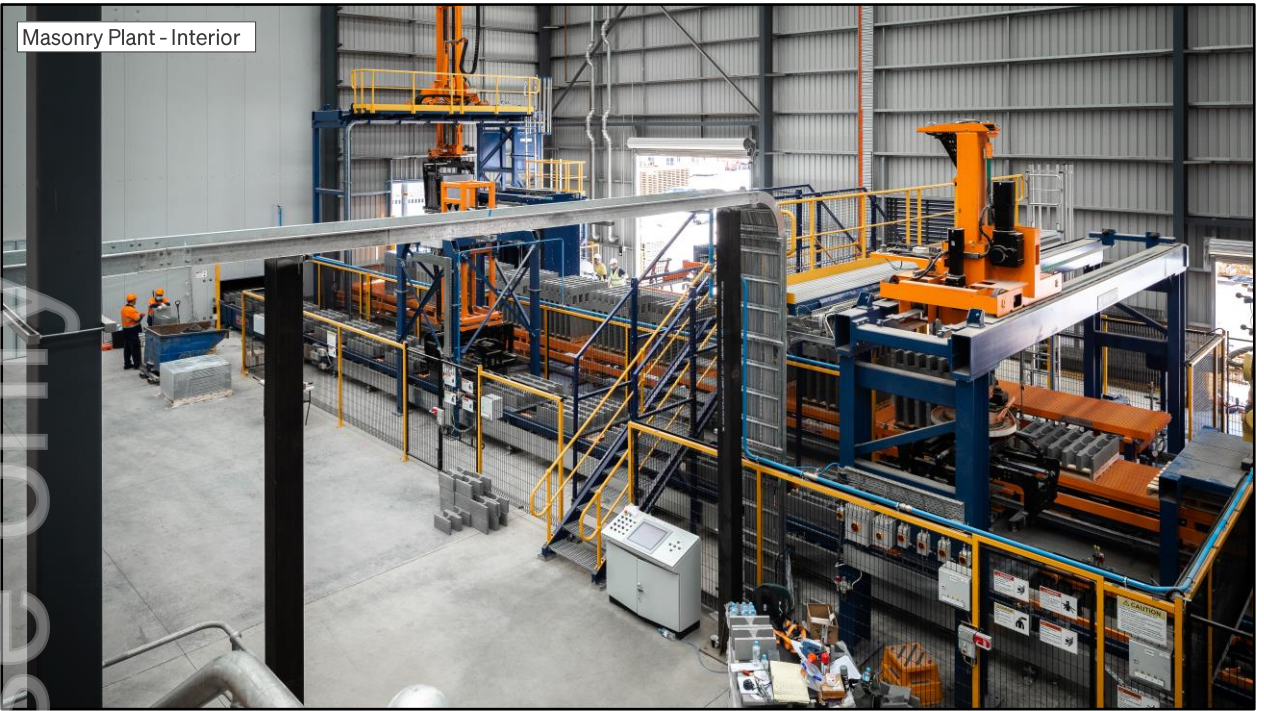
This new facility, with a capacity of 220,000 tonnes per year, incorporates the latest block-making technology, and will deliver lower costs and a broader product range.

This is a photo inside the curing chamber.

This chamber holds 8,000 production boards, with 18 standard masonry blocks per board.



Masonry Plant - Interior



This photo shows the production “dryline”.

At the top of the image blocks are exiting the curing chamber before being palletised, wrapped and transported to the yard for storage.



In addition to the masonry plant, the project also includes an associated value-added facility. This machine is capable of applying a wide range of architectural finishes, to create products such as polished pavers and split face retaining walls.

Construction of this facility is shown on screen and will be completed early next year.

Plant 2 construction at Horsley Park



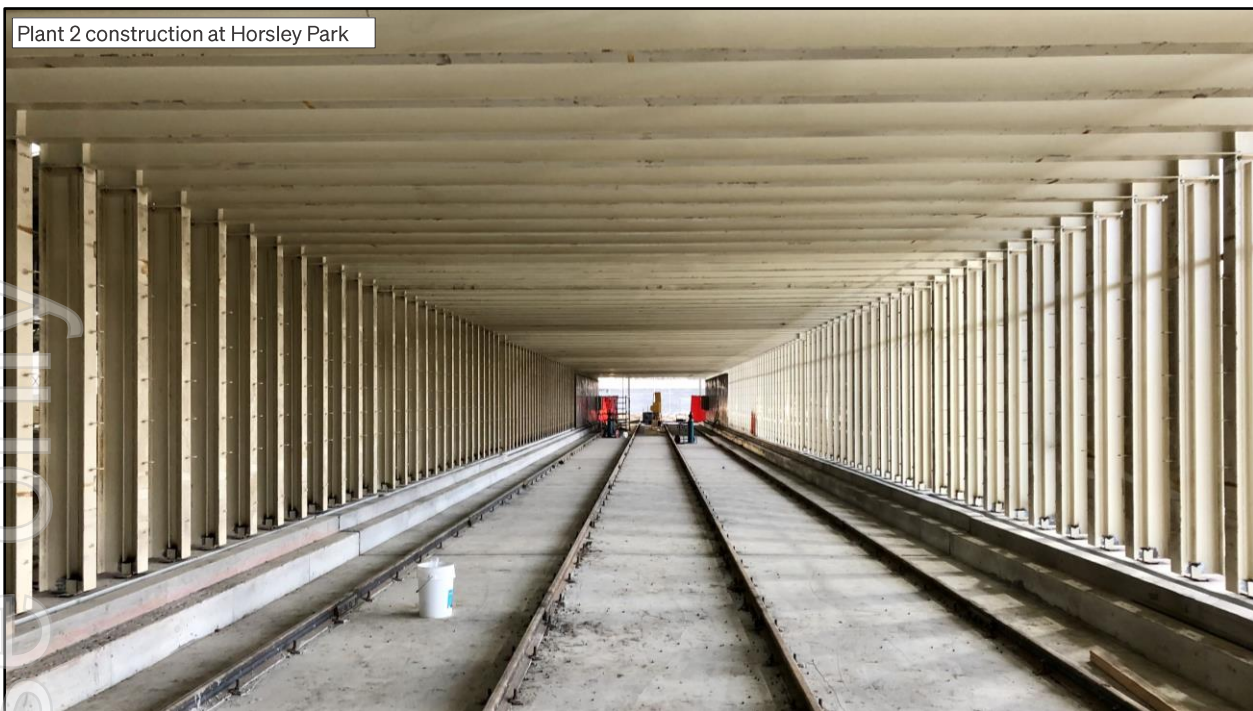
Meanwhile, construction of our \$130 million face brick facility at Horsley Park in Sydney is also well underway.

As shown by the photo on screen, the building and roof structure is now fully erected.

The kiln and dryer building is shown at the front, with the production building behind.

Yard preparation works in the foreground are now commencing.





The kiln structure is now around 75% complete, with internal walls and refractory lining to soon commence.

In total, the kiln is 210 metres long.



This photo shows the fine clay bins being erected.

In total there are 8 bins, each with a capacity of 150 tonnes, giving a total capacity of 1,200 tonnes.

Major plant and equipment such as the brick setting machine, have been fabricated in house in Melbourne, and will shortly be transported to site for installation.

Once completed, the plant will produce 130 million bricks per annum, and will be the most advanced brick plant in the world.

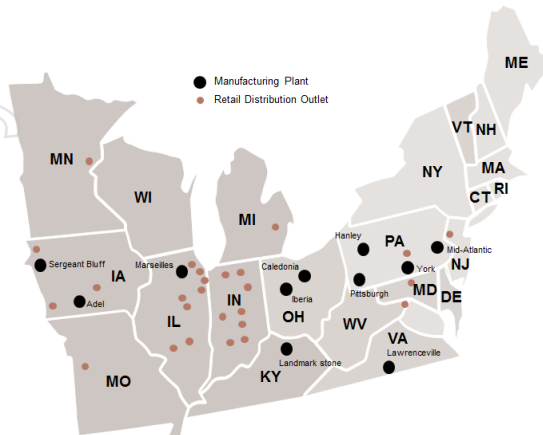
We expect construction to be completed by the end of the 2022 calendar year.

## Building Products North America

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

**\$26m**

FY21 Underlying EBITDA

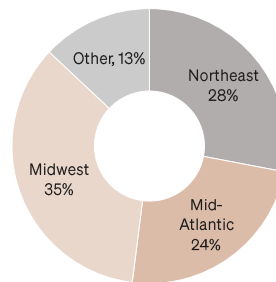


\* Retail distribution outlets shown include those acquired from IBC in August 2021

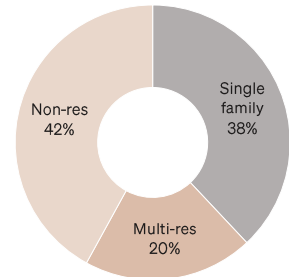
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### Building Products North America FY2021 Revenue AU\$202 million

#### By Region



#### By End-Market



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Turning to our newest division, Building Products North America.

We initially entered this market in 2018 with the acquisition of Glen-Gery, a leading brick manufacturer in the north-eastern region of the United States.

Since then, we have completed 3 additional acquisitions. We have now established a business of significant scale in North America, able to make a meaningful contribution to Group earnings, and a platform for growth.

Building Products North America now has:

- Market leadership in key states across the Northeast, Midwest and Mid-Atlantic regions;
- A portfolio of well recognised, premium brands;
- Over 1,000 employees;
- 10 operating brick plants and one manufactured stone plant; and
- 27 retail distribution outlets, plus design studios in New York and Pennsylvania

On revenue of AU\$202 million, Building Products North America delivered EBITDA of AU\$26 million in 2021.

As I mentioned earlier, the revenue and earnings delivered in financial year 2021 were significantly impacted by the pandemic, and do not accurately reflect the rapid growth phase currently underway and the significant achievements of the North American business since our entry a few years ago.

## Illinois Brick Co. (“IBC”)<sup>1</sup>

The recent acquisition of IBC adds scale to retail operations

- In August, Brickworks completed the acquisition of 17 showrooms and distribution outlets across Illinois and Indiana (“IBC”)
- IBC was the largest independently owned and operated brick distributor in the U.S.
- 70 million bricks sold per annum + a range of complementary building materials and supplies
- Supports Brickworks’ growth strategy:
  - Builds scale and fills gap within the existing direct distribution network
  - Underpins significant sales volume
- Consistent earnings for several years, with significant growth opportunities and cost synergies
- The initial sales and earnings contribution since August has been pleasing

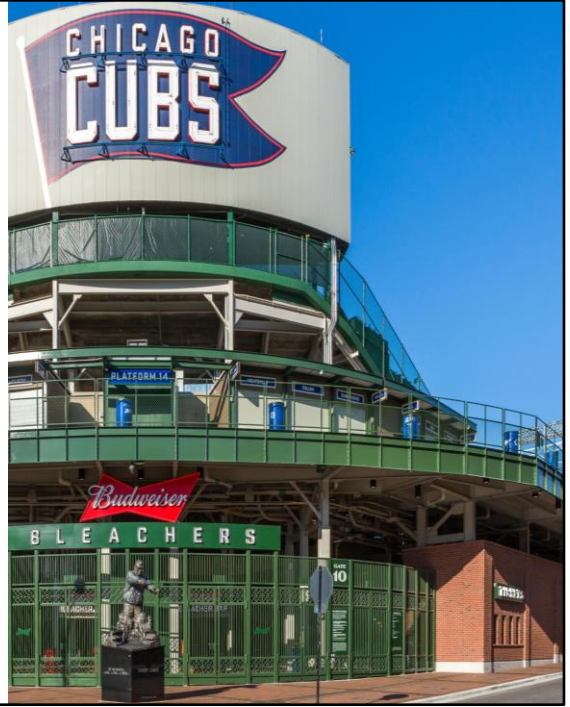
1. The acquisition comprised certain assets of Southfield Corporation, including Illinois Brick Company (“IBC”).

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Our continued growth is reflected in our most recent acquisition in the United States, the Illinois Brick Company, or “IBC”. We completed this acquisition in August, following the end of FY2021.

IBC was the largest independently owned and operated brick distributor in the U.S., with 17 showrooms and distribution yards, all located in Illinois and Indiana. This is an area where we previously lacked a direct distribution presence, and therefore this acquisition has filled an important gap in our network.

Importantly, sales volume through the IBC network will underpin production volume at our Midwest plants, which have ample capacity to accommodate additional sales growth.

In addition to sales of around 70 million bricks per annum, IBC offers a range of complementary building materials and supplies such as stone, masonry, construction materials and tools. These additional products make up around 50% of total IBC revenue.

So far, the integration process of the new IBC retail outlets has been very smooth, and we are pleased with the initial contribution from these stores.



# First Quarter Update and FY2022 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

## Property

19% of Group assets

- Unprecedented development pipeline within the Property Trust
- Completion of pre-committed facilities over the next two years will result in a significant uplift in rental income and asset value

## Building Products

### Australia

14% of Group assets

- Steady start to FY2022, despite sales in NSW and VIC being temporarily impacted by construction restrictions
- Sales momentum is now strong, with a significant pipeline of work within the detached housing segment across the country

## Building Products

### North America

5% of Group assets

- 1<sup>st</sup> quarter sales revenue up significantly, primarily due to the IBC acquisition
- Margins remain subdued due to cost pressures and product mix issues, with continued weakness in the higher margin commercial segment

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Turning now to an update on first quarter performance and the outlook.

Brickworks is in a strong position, with a conservative debt level and a diversified portfolio of attractive assets.

We are excited by the outlook for our investment in WHSP, following the recent merger with Milton Corporation. We expect the larger WHSP to continue to deliver superior long-term returns and consistent dividend growth well into the future.

As I have discussed, there is an unprecedented development pipeline within the Property Trust, and the completion of facilities over the next two years will result in a significant uplift in rental income and asset value.

Within Building Products Australia, we have made a steady start to the year, despite the impact of pandemic related restrictions in our major markets. With restrictions now eased across most of the country, sales momentum is improving, and we are hopeful that all states will experience an elevated period of activity for the remainder of the financial year.

In North America, we have recorded a significant uplift in sales revenue during the first quarter of the year, primarily due to the acquisition of IBC. However, margins remain subdued.

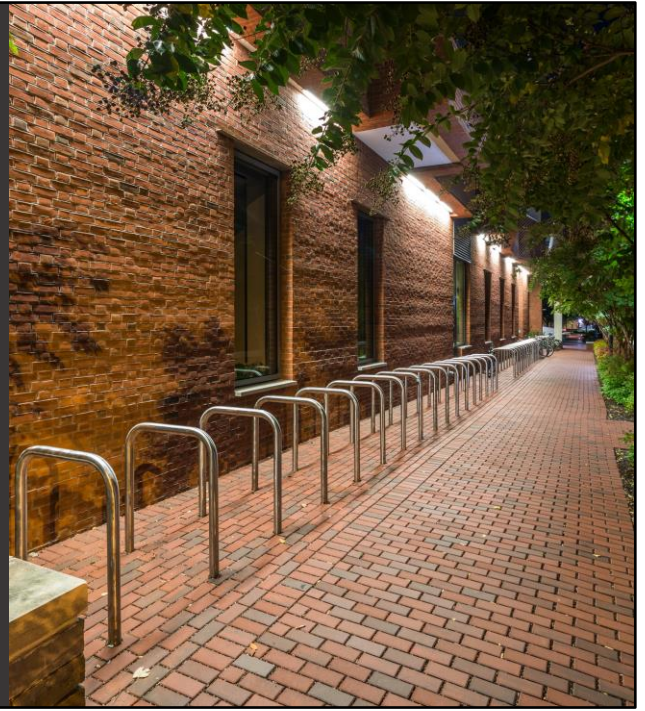
We are experiencing cost pressures across the supply chain, and labour shortages are resulting in higher wage rates to attract and retain staff. In addition, we are selling a higher proportion of products to the residential segment, with activity in the higher margin commercial segment expected to remain weak until Spring.

In both countries, there remains an ever-present threat of further unforeseen disruptions from the pandemic and related supply chain issues.

# Sustainability

## Section 03

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I will now hand over to Emily, who will provide an overview of the great progress we are making in the area of sustainability.



# Build for Living: Towards 2025 – Brickworks Sustainability Strategy

## THERMAL DESIGN

We will provide leading research on passive thermal design, enabling reduced lifetime energy use.

## LIFE CYCLE EDUCATION

We will support design tools, guidance and information to incorporate life cycle thinking into building design.

## SUSTAINABLE PRODUCTS

By 2025, we will double our volume of products sold in Australia that hold leading sustainable qualities.

## RESPONSIBLE BUSINESS

- **Supply Chain** – Reduce supply chain risk
- **Governance** – Business ethics and whistle-blower programs

## OUR PEOPLE & COMMUNITY

- **Safety** – Continued reductions in injury rates
- **Engagement** – 100 Community activities each year
- **Community Support** – Supporting charities like Children's Cancer Institute
- **Diversity and Inclusion** – Stretch target: 35% female senior executives, develop and implement a diversity and inclusion strategy

## ENVIRONMENT

- **Carbon** – Invest in the transition to the hydrogen fuel economy
- **Water** – Reduced potable water use in water stressed areas
- **Rehabilitation & Cultural Heritage** – Drive progressive rehabilitation
- **Circular economy** – Year on year increase in recycled material use
- **Emission Control** – Over \$2 million investment in emission abatement
- **Energy Efficiency** – Stretch target: 10% increase in gas efficiency at Austral Bricks plant by 2030 (baseline FY18)

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Thankyou Lindsay.

In 2020 we developed our five-year sustainability strategy, “Build for Living: Towards 2025”. This strategy includes measurable targets and commitments across the key pillars of responsible business, our people and community and the environment.

Our central sustainability commitment is to drive leading environmental building design, that brings to life our purpose: to make beautiful products that last forever.

## Life-Cycle Benefits of Brick

- A building material's energy efficiency is based on more than just the manufacturing process – it includes how it performs in a lived-in home (“operational factors”)
- Over the life-cycle of a home, the majority of energy use is attributable to these operational factors (such as the use of artificial heating and cooling)
- A true assessment of energy efficiency includes thermal mass benefits and thermal resistance of the walls
  - External brick walls absorb, store and later release heat, thus reducing artificial heating and cooling needs
- Bricks are more energy efficient than lightweight materials
  - Independent research shows that the energy use in a brick veneer home is less than half of a similar home made from lightweight materials<sup>1</sup>
- Bricks are also lower maintenance and have a far longer service life compared to lightweight materials

1. A Study of the Thermal Performance of Australian Housing by the University of Newcastle (2011). Energy use over one month in October 2007.  
2. R-Value - A measure of insulation and the ability of a material to resist heat flow

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### Operational Factors Contributing to overall life cycle energy efficiency



**Brick veneer**  
(with comparable R-value<sup>2</sup> to  
lightweight wall system)



**Lightweight**

Thermal mass	High	Lower
Energy Use <sup>1</sup> (actual testing)	70MJ	160MJ
Repair / maintenance	Low maintenance	Regular
Service life	100 years +	Variable

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We support life-cycle thinking in building design. A building material's energy efficiency is based on more than just the manufacturing process - it's how it performs in a lived-in home. Over the life-cycle of a home, the majority of carbon emissions are from operational factors, such as the use of artificial heating and cooling.

As such, a true assessment of energy efficiency includes thermal mass benefits as well as the thermal resistance of walls. External brick absorbs heat energy, stores it and releases it later into the environment. This thermal lag from thermal mass reduces artificial heating and cooling demand.

Bricks are more energy efficient than lightweight materials. Independent research shows that the energy use in a brick veneer home is less than half of a similar home made from lightweight materials.

Central to our sustainability strategy is the goal to provide leading thermal research, design guidance and information to incorporate life cycle thinking into building design. This supports a wholistic lifecycle assessment rather than a simplistic focus on embodied carbon.

Bricks have other critical performance characteristics that contribute to overall life cycle energy efficiency and sustainability. They are low maintenance, fire-resistant, do not emit toxic volatile organic compounds, have a 100-year service life guarantee and can then be recycled or re-used.

At Brickworks, we see a strong future for bricks, masonry, roof tiles and precast as critical enablers for safe and sustainable cities.

## FY2021 Sustainability Highlights

Brickworks is committed to social and environmental responsibility and continues to make progress against sustainability targets

**12.5%**

Recycled content in raw materials in Australia

**>\$3 million**

Invested in emission abatement

**Launched Hydrogen Feasibility Study**

In partnership with Murdoch University

**28%**

Female executive leadership in Australia, up from 7% in 2015

**120**

Community engagement activities

**>\$4 million**

Children's Cancer Institute total partner value since 2002

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We are achieving good progress across many aspects of sustainability.

During the year we achieved a 61% increase in recycled material use, with a total of 12.5% recycled content in raw materials in Australia.

We continue to invest in emission abatement technology, with a total of over \$3 million now invested. We are partnering with Murdoch University, leaders in renewable energy research, to investigate the transition to the hydrogen fuel economy through the 'Brickworks Hydrogen Feasibility Study'. The study spans over two years, and is exploring the use of hydrogen as a kiln fuel in the manufacture of clay bricks, through desktop and lab-scale trials.

Also, we are continuing our focus on inclusion and diversity. Gender diversity has significantly improved, with 28% of the executive leadership team in Australia being female. This compares to 7% in 2015.

Brickworks is active in the community, having completed 120 community engagement activities during the year. We have a long-standing partnership with the Children's Cancer Institute, having made direct and indirect contributions of over \$4 million since 2002.

During the year Brickworks also formed a sustainable supply chain working group, developed a Modern Slavery Policy and Supplier Code of Conduct.

## Carbon Reduction Strategy

Brickworks is committed to leading the industry in reducing carbon emissions

- 45% reduction in carbon emissions in Australia since FY06
  - Manufacturing rationalisation
  - Investment in modern, fuel efficient kilns
  - Firing kilns with green fuels such as landfill gas
- Collaboration agreement with Delorean (ASX:DEL), to develop green synthetic natural gas facilities at Austral Brick plants
- Carbon neutral brick range
- Low Emission Technology Statement released in 2021
- Progressive adoption of TCFD recommendations:
  - Climate scenario analysis completed
  - Identifying risks and responses
  - Public TCFD Statement to be completed in 2022
- Brickworks Sustainable Home Guide released

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We are committed to leading our industry in reducing carbon emissions, through continued investment in manufacturing excellence. This includes our global kiln refurbishment program to drive energy efficiency beyond international benchmarks and driving biofuels and low carbon opportunities.

Since 2006 we have reduced our emissions by 45% through manufacturing rationalisation, capital investments into modern, fuel-efficient production processes, as well as product redesign, use of recycled material and firing our kilns with green fuels such as landfill gas.

Last month we were also pleased to announce a collaboration agreement with Delorean, whereby we will work together to investigate the feasibility of developing green synthetic natural gas facilities at our brick plants. If successful, each facility has the potential to displace up to 100,000 gigajoules per annum of fossil fuel gas with renewable biomethane.

We are incrementally adopting the recommendations of the leading carbon risk framework, TCFD, such as undertaking climate scenarios, identifying risks and strategic responses. Leading experts in TCFD are supporting our analysis and we expect to make a public TCFD Statement during 2022. Throughout this process, long term carbon management strategies are being explored. During FY2021 our approach to a low carbon future was set out in a low emission technology statement.

## Sustainable Property Development

Together with our JV partner Goodman, we aim to be world leaders in sustainable industrial property design and development

- Our industrial property estates incorporate sustainable design initiatives such as:
  - Solar PV
  - LED lighting
  - Translucent roof sheeting
  - Energy and water monitoring
  - Drought resistant landscaping
  - Rainwater harvesting with smart irrigation systems
  - Water sensitive urban design
  - Electric vehicle charging stations (with 5% of parking at Oakdale West dedicated to EV's)
- The latest development at Oakdale West includes 8.25MW of solar already committed (equivalent to the environmental saving of taking 5,500 cars off the road)

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Together with our Joint Venture partner Goodman, we aim to be world leaders in sustainable industrial property design and development.

For example, at our latest development at Oakdale West, all buildings have sustainable design initiatives incorporated including drought-resistant landscaping, rainwater harvesting, electric vehicle charging stations and 5% of parking dedicated to electric vehicles, LED lighting and recycling facilities.

All properties at Oakdale West will have solar installed, with 8.25 MW of solar already committed. That is equivalent to the environmental saving of taking 5,500 cars off the road.

We are also focused on social aspects of our property developments, with Estates such as Oakdale Central incorporating an on-site café, providing a convenient food and beverage option for staff and visitors.





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# Low Emission Technology Statement

—  
Our approach  
to a low carbon future

Before handing back to Lindsay, I would now like to show a video that provides more information on our sustainability strategy and the progress we are making at Brickworks.

Thankyou.

# Thankyou

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Thankyou Emily.

Before I finish, I would like to acknowledge all staff at Brickworks.

Including our new IBC employees, we now have 2,225 employees, and it is their energy and dedication that will continue to drive our success.

I would also like to take this opportunity to thank the Board of Directors for their guidance and support during the year.

Finally, I'd like to thank all our shareholders, including those attending online today, for your continued support of Brickworks Limited.

I will now hand back to the Chairman for any questions.

# Questions

Section 04

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Thank you

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