



MEDIA RELEASE

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Further restructuring to improve Boral Timber's competitiveness

Boral announced today further restructuring of its timber operations, which will assist the business improve its competitive position at a time when earnings have been under significant pressure.

On May 6 this year, Boral reported to shareholders that earnings from Boral Timber had continued to decline. In response, a range of restructuring and cost reduction initiatives have continued and the following newly announced initiatives will add to these restructuring efforts:

- Boral will exit the residue and woodchip export business and sell the associated processing plant and equipment based at Tea Gardens and at the Port of Newcastle, in NSW;
- Boral will exit the softwood distribution business in Queensland and will appoint an external distributor for these products; and
- The manufacturing of Engineered Flooring at Murwillumbah on the NSW North Coast will be discontinued.

Boral Timber will exit the residue and woodchip export business at the end of June 2013 due to a substantial fall in demand driven principally by deterioration in price competitiveness due to the high Australian dollar. While Boral is continuing to pursue alternative customers for sawmill residues in Australia, Boral Timber's residue processing plant at Tea Gardens and the stockpiling and ship loading assets at the Port of Newcastle will be offered for sale.

In Queensland, Boral has advised customers that it will no longer distribute softwood products through its Brisbane warehouse and has instead appointed an independent distributor for this product range. Boral will close part of its Brisbane warehouse but will continue to distribute hardwood timber from the site.

Boral has also announced that it is discontinuing production of Engineered Flooring at Murwillumbah in northern NSW. The high cost of domestic manufacturing, a high Australian dollar and high levels of inventory have all contributed to the timing of this decision. The Murwillumbah plant will continue to manufacture overlay solid flooring, which is less exposed to import competition.

Boral Timber's Executive General Manager, Steve Dadd, said, "As part of our efforts to ensure Boral Timber remains a sustainable business, our restructure will result in some job losses, which is regrettable but sadly, unavoidable. The strength of the Australian dollar and associated high volume of imports, combined with low levels of demand and high manufacturing costs, are all creating very challenging conditions for the business. We are leaving no stone unturned to reduce costs and increase efficiencies where we can".

In this latest round of restructuring in Boral Timber, there will be a reduction of 29 positions, however, as a result of redeployment and not filling vacancies in recent months, only eight permanent employees have been made redundant. These affected employees will receive redundancy payments and be provided with appropriate support including outplacement services to assist them through their transition.

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For more information:

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