



ASX RELEASE

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Boral's new business structure to improve competitiveness

Boral Limited (ASX: BLD) today announced restructuring initiatives that will strengthen Boral's competitiveness and result in a significantly streamlined, more responsive organisation with a lower, more sustainable fixed cost base.

The changes will see a reduction in employee numbers in Australia, resulting in benefits of approximately \$90 million annually, with estimated savings of \$37 million to be delivered in FY2013.

The CEO and Managing Director, Mike Kane, said: "My 100-day review of the business highlighted the need to make some tough decisions. This is a great company, with a great history and great potential. However, over time, it has become burdened with excessive overhead costs. While this may be less obvious during the good times, it becomes critically exposed when times are tough.

"The restructure I am announcing today will transform the Group into an organisation that is more responsive to the realities of a cyclical marketplace and one that remains competitive not just during the cycle highs but when conditions are challenging, as they have been for the past few years. Our more streamlined organisation will align with Boral's operational footprint, which has become more focused through recent divestments, closures and capacity rationalisation activities.

"Regrettably, the changes will mean job losses at the executive level, in the corporate office, in divisional offices and in the businesses. Customer service will not be impacted by the restructure with the changes focusing on back office, managerial positions and support activities. We remain committed to our value-driven strategy for customers through our sales and marketing excellence and innovation programs. We also remain focused on delivering leading practice safety performance and lean manufacturing."

Under the changes, a total of 700 functional, operational support and managerial positions will be taken out of Boral's Australian business. Of those 700 redundancies, some 200 have already occurred (in late 2012), with the majority of redundancies expected to be completed by March 2013.

All affected employees will receive redundancy payments and be provided with appropriate support including outplacement services to assist them through their transition.

EXECUTIVE LEVEL CHANGES

As part of the restructure, the following changes to Boral's senior executive team have been announced.

In Cement, Divisional Managing Director, **Mike Beardsell**, will leave the organisation at the end of January. The divestments of Boral's Asian Construction Materials businesses along with the planned closure of clinker manufacturing at the Waurin Ponds cement plant leaves a smaller, more focused Cement business. **Ross Harper**, who is currently in the role of Operations Manager, will increase his responsibilities to become Executive General Manager of the Cement division. Ross joined Boral in 2006 and has 30 years of experience in the energy, pulp, paper and building materials sector. His current position will not be replaced.

In Building Products, Divisional Managing Director, **Bryan Tisher**, will leave the organisation at the end of January. **Darren Schulz**, who joined Boral in 2002, will become Executive General Manager of the more streamlined, smaller Building Products division following restructuring, divestments and recent capacity rationalisation programs. Darren has been co-managing Boral's overhead cost review project and prior to that held a variety of management roles in Boral's US Roofing businesses.

Effective 1 February 2013, **Robert Gates**, who has been co-managing Boral's overhead cost review project and prior to that was Boral's Chief Information Officer, will move into the newly created role of Chief Administrative Officer, leading corporate support functions of human resources, safety, environment, procurement and IT. **Robin Town**, who is currently Boral's Director of Human Resources and a member of the senior executive team, will leave the organisation in March 2013.

Biographies of the new members of Boral's senior executive team are attached.

"I want to recognise the efforts of all employees in Boral and particularly the contribution of the people who have been impacted directly by the restructuring. In particular, I thank and recognise the significant contributions made by members of the senior executive team who will be leaving Boral as a result of the reorganisation," said Mike Kane.

"Mike Beardsell joined Boral in 2001 and has been instrumental in reshaping the Cement division in recent years and has done so while continuing to improve the underlying safety performance of the division. Bryan Tisher, who has been with Boral since 1998, will leave a strong legacy of strategic insight into the direction of Boral's Australian Building Products businesses particularly as the division adjusted to difficult trading conditions. Robin Town, who joined Boral in 1996 and held senior management roles in the USA and in Construction Materials before becoming Boral's Human Resources Director in 2001, will remain through March to oversee the implementation of the restructuring program."

SUMMARY OF EMPLOYEE NUMBERS

Boral reported 14,740 employees as at 30 June 2012 (including around 8,730 in Australia). As summarised in the table below, in FY2013 Boral's employee numbers will reduce by approximately 1,000 as a result of the announced restructuring program, coupled with recent operational rationalisation initiatives and outsourcing projects. The divestment of non-core operations in Asia and Australia¹ means a further reduction of 1,420 in Boral's FY2013 reported employee numbers.

FY2013 Improvement Initiatives	Employee reductions
Reduced functional, operational support & managerial positions in Australia	700
Operational rationalisation initiatives ² and IT outsourcing in Australia	185
Restructuring and outsourcing activities in USA	115
Total	1,000

¹Thailand Construction Materials was divested in December 2012; sale of East Coast Masonry expected to be completed by March 2013.

²Includes previously announced plans to close clinker manufacturing at Waurin Ponds of ~90 positions.

Redundancy and implementation costs associated with the reduction of 1,000 positions will total around \$60 million and will be treated as a significant item in FY2013. In addition to the \$90 million of benefits from the overhead restructuring project already noted, further benefits of approximately \$15 million are expected through operational rationalisation initiatives. At Boral's half year results announcement on 13 February 2013, details of the timing and breakdown of costs and financial benefits will be provided.

- Ends -

For more information:

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Boral's new senior executives - biographical information

Ross Harper, Executive General Manager, Cement

Ross has been appointed Executive General Manager, Boral Cement effective 1 February 2013. Previously National Operations Manager, Boral Cement, Ross joined Boral in January 2006. He has over 30 years experience with industrial process industries including the energy, pulp and paper and building material sectors. He held the role of General Manager, Golden Bay Cement with Fletcher Building before joining Boral as General Manager NSW, Blue Circle Southern Cement. Ross holds a Doctorate in Chemistry from Victoria University of Wellington, New Zealand.

Robert Gates, Chief Administrative Officer

Robert has been appointed Chief Administrative Officer effective 1 February 2013. Prior to this he was Vice President, Performance Management which involved co-managing Boral's overhead cost review in Australia. Robert's other roles in Boral have included Chief Information Officer for Boral and Vice President Lean Manufacturing in the US operations.

Prior to Boral, Robert worked at McKinsey & Company as an Operations Expert. Robert holds a Masters of Science (Business Administration) from Boston University and a Bachelor of Science (Civil Engineering) from Virginia Military Institute.

Darren Schulz, Executive General Manager, Building Products

Darren has been appointed Executive General Manager, Boral Building Products effective 1 February 2013, immediately prior to which he was co-managing Boral's overhead cost review in Australia. Darren joined Boral in 2002 and has held a number of strategy, general and executive management positions in the Bricks, Distribution and Roofing businesses in the USA, Trinidad and Mexico.

Prior to joining Boral he held positions in accounting and taxation advisory roles at PricewaterhouseCoopers – then Coopers & Lybrand (1989-1995) and Optus Communications Limited (1995-1998); and as Special Counsel at Minter Ellison, Lawyers (1998-2000). Darren has a Bachelor of Business (Accounting) Degree from University of Technology, Sydney and an MBA from The Wharton School, University of Pennsylvania (2000-2002).