



TIMBER **LINK**

AUSTRALIA | NEW ZEALAND



We continue to build a professional, high performing, customer focused business

In February 2013 Timberlink Australia entered the Australian timber market with the purchase of the manufacturing and distribution facilities formerly owned by Gunns Timber Products.

Almost immediately we embarked on an ambitious capital improvement programme, with our mills commissioning some of the most cutting edge manufacturing technology available.

Vision and laser scanners, acoustic scanning, warp tunnels, density testing and sorting, things that would have sounded like science fiction a decade ago are now being used at our mills.

Our Tarpeena mill in South Australia uses a Gilbert planer which can run 850 lineal metres per minute. We have also commissioned one of Australia's largest Contra-Flow Kilns (CFK), which is not only improving drying efficiency by more than 30%, but also improving the quality and stability of our wood.

In a world first our Tasmanian Bell Bay mill makes Low Odour Timberlink Green. A more stable outdoor structural timber range which has 30 times less odour than traditional Light Organic Solvent Preservative (LOSP).

In September 2015 we purchased our Blenheim mill from Flight Timbers, and now operating as Timberlink New Zealand, we are building on its strong reputation for quality products and service. NZ\$10 million will be spent at Blenheim in the first three years, which will allow us to

create a more efficient mill delivering increased volumes of value added products, enabling continued growth with our customers.

We have a secure supply of quality fibre from plantations in the Green Triangle Region (GTR) in South Australia, Tasmania and the Marlborough region of New Zealand, supporting our longer term business and market development plans.

We have developed a national distribution network across Australia and New Zealand with our purpose-built distribution centres located in Knoxfield (Victoria), Gillman (South Australia), and Canning Vale (Western Australia). Our sawmills in Bell Bay (Tasmania), Tarpeena (South Australia) and Blenheim (New Zealand), provide a mill direct service to our customers, with deliveries designed for bulk or direct semi-trailer loads.

Together they provide more flexibility and faster turnaround times to customers with the ability to turn around orders within 24 hours.

Timberlink has grown to become a modern, multi-country business that employs almost 550 people, delivering scale and flexibility. Our focus is on growing value not volume. Our strategy for success isn't complicated; we continue to build a professional, high performing, customer focused business.

To put it simply we want to be a pine products supplier of choice, and we believe we have the pieces in place to achieve this.



Through leadership, individual commitment and responsibility, Timberlink fosters a culture that improves the health and wellbeing of our people



We manage the hazards and risks within our workplace

It is easy for businesses to say they put safety first - it is much harder for them to actually do it. Too often in manufacturing we see accidents happen.

We believe there is a strong social responsibility, as well as the required legal license to operate a business sustainably. To do this you have to put safety first. 'Safer' businesses are more profitable over time and 'unsafe' businesses are not sustainable.

Customers and suppliers want business partners who operate safely and look after their employees and contractors. Through leadership, individual commitment and responsibility, Timberlink fosters a culture that improves the health and wellbeing of all our people. Everyone looks out for each other and has the ultimate vision of zero harm.

We manage the hazards and risks within our workplace by ensuring they are understood by all. Controls are not just talked about, they are put into plans becoming integral to the way in which we operate. We are also dedicated to supporting ongoing improvements in health and safety performance.

Our overall business strategy is to be a leading pine products manufacturer in the Australasian region, with sustainable profitable growth

The successful realisation of our plans will allow us to become the business we want to be

All strategic outcomes will be measured against the following before being deemed as successful.

01

A well defined clearly communicated strategy.

02

Execution that consistently meets customers' expectations.

03

A culture of high performance and high values.

04

A structure that simplifies working in and with the organisation.

05

Superior talent at all levels.

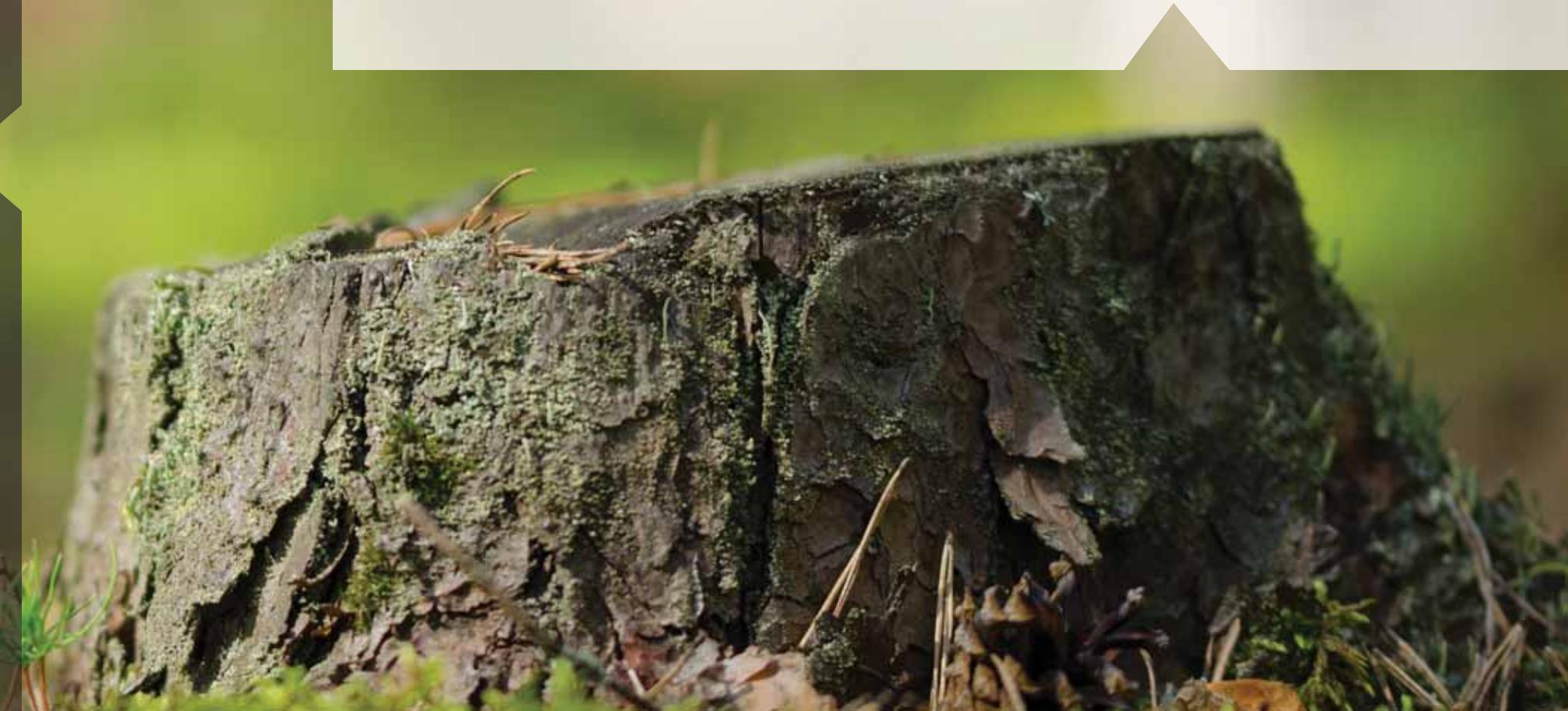
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Developing a strong mergers & partnerships capability.

We have identified three focus areas for future proofing and developing our business

1. Growth - The need to grow and diversify our business
2. Efficiency - The need to lower our costs of manufacturing and operations
3. Innovation - The need to invest in new product systems and solutions

The successful realisation of our plans will allow us to become the business we want to be - a business that is more capable, higher performing and customer focused. We will become the pine products supplier of choice.





Our people are reliable and knowledgeable

Our business has a rich history and employs some of the most experienced people in the industry. Many have spent their entire working lives in the timber industry. In fact, the combined average years of service for all employees is 8.5 years.

We know our assets aren't just our facilities. Our most important assets are our people and so we invest heavily in them. We make sure they have the technical expertise to keep you up-to-date with industry developments as soon as they happen.

We trust our Account Managers to make decisions with customers so the majority of queries are answered quickly; no laborious approval process to go through. We have a dedicated technical team to back them up, headed by experienced world class technical experts.

Our aim is to be professional, accessible and responsive to our customers business needs. We all know that business-to-business selling is still about dealing with people.

"A lot of companies have different sales reps. They are good; you (Timberlink) have the same person and they get to know you and they know your business. It is good to have someone whom you can talk things over with."

Customer, 2014 Customer Satisfaction Survey.

"Another benefit of Tarpeena's upgrade programme has been the up-skilling of our people. People who may previously have worked on the line are now trained in computers and optimisation systems".

Sawmilling & Process Engineer Manager

We work to keep our communities strong

Of the 550 people we employ, over 500 are employed in regional communities within Australia and New Zealand.

We take this responsibility as a significant regional employer seriously understanding our company's success is inextricably linked to our regional communities remaining strong.

As well as providing stable, local employment opportunities we invest in our people and develop their skills with apprenticeships, professional development and technical training programmes. Our Timberlink Leadership Group aims to support and empower all employees to play a part in making Timberlink a great business.

We spend local, injecting millions of dollars each year into our local economies using local businesses and contractors, this supports our mill maintenance and improvement programmes.

We have strong relationships with many local community groups helping with fundraising, timber donations and providing educational resources. We support our people who volunteer their time to support worthwhile local groups, such as the Country Fire Service Brigade or helping to build vegetable gardens for local primary schools.

We support our local communities because we understand we need them to stay strong just as much as they need us to stay strong.



We offer good, reliable customer service



We believe we are in the unique position of being small enough to offer personalised service to our customers, while still having the scale to be a strong participant and local contributor within the industry.

Our customers' businesses vary widely from industrial manufacturers to big box retailers. We respect our channel customers and their positions in the market, whether they are national warehouse chains or small family owned hardware stores. However, across them all we have the same aim; to provide the level of service customers want, so they can rely on us to provide the right product when they want it, at the right quality, at the right time, and at the right price.

This is made easier by having the production scope of our own mills combined with the reliability of our distribution network, all being staffed by our experienced teams.

Our people operate with openness, fairness, respect and integrity. Continuous improvement is part of the norm on our journey to become a great timber products manufacturer with a reliable and responsible supply chain.

"They (Timberlink) follow up on queries and requests and follow through on what they say they are going to do. They are the best company to deal with. They always tell it like it is."

We work hard to anticipate what our customers need without assuming we know everything. It's important we stay in contact, and we do this through regular visits, participation in industry events and by conducting regular satisfaction surveys. We aren't just thinking about what our customers need now but what they will need in the future.

Our customers have told us this

In many business circles today, the term "supplier-customer partnerships" may sound like an oxymoron as competition intensifies, long term sustainable competitive advantage disappears, and end consumers become more highly informed and demand more for their money.

We don't think so and our customers' feedback confirms not only the existence of such relationships but also the mutual benefits that result from our partnering strategies.



We have a unique business structure

Something that makes Timberlink a little different is our business model. We have one linked supply chain, from forest to processing to customer.

Each of our sawmills receive its primary supply from a forest managed as a long-term investment by New Forests.

This supply security allows us to make ambitious plans for the future, make significant investment into improving our business and provide a long-term sustainable future for our customers.

Through close working relationships with our forest supply, we have access to a reliable supply of high quality plantation timber.

"We're an integrated pine products manufacturer, we integrate right back to the forest. Having this long term log security allows us to continually invest in our facilities to make them run as efficiently as possible. By staying competitive, customers can rely upon us to supply them with quality products well into the foreseeable future."

Ian Tyson, CEO



We have a reliable, responsible supply chain

Our industry is driven on relationships and reputation. We know we need to deliver what we promise when we promise or else it will become difficult for our customers' businesses to be successful. One of our core customer objectives is to be an easy company to do business with. That means being professional in our approach and doing what we say we will do.

We work closely with customers to forecast current and future requirements and try to predict market changes. Our monthly Sales and Operational reviews allow our Sales, Supply Chain and Resource teams to forecast requirements.

Unlike most manufacturing processes in the world where a series of aggregated ingredients and processes result in an end-product, sawmilling is based on producing a product by

breaking down the initial input- the log- and disaggregating it into a renewable natural resource of various grades and dimensions that work best.

This is done in terms of the shape and quality of the sawlog and meeting our customers' requirements.

Our ability to meet our customers' needs starts at our initial log ordering. Each week our resource team secures the right type and quantity of logs so our sawmills can batch and create the right cutting pattern. If this incorrect the products our mills cut won't match what our customers require.

This process of selecting the best cutting pattern is called log optimisation, and much of our technological investments are based on improvements in optimisation tools and

technology, as they minimise waste and maximise efficiency.

Reliably scanning material at the earliest stage of production, for various desirable and undesirable features of the timber fibre, maximises the value of our harvested sawlog and meets market requirements over the long term as well as through various cycles.

For some products where we cannot produce enough to satisfy demand at the peak of the cycle, we have developed strong long-term relationships with other reputable suppliers to supplement our volume.

Having a multiple mill network as well as external sawnwood suppliers allows us to provide a more reliable and complete product offering to our customers.

Zero Waste

Part of sustainability is to minimise wastage and maximise processing efficiency, and the path to that is through optimisation. With each sawlog processed at our manufacturing facilities, we use 3D laser technology that scans and effectively maximises the recovery of every log ensuring we are working towards zero waste. For example, bark is removed from sawlogs, which is used for landscaping use. The outer round sections of each log is used as woodchip. Sawdust is used as a combustion of waste, which would otherwise go to landfill.



Green Triangle

Our Tarpeena mill is located in the Green Triangle Region (GTR) in South Australia. Fibre produced from this region is known for its quality, stiffness and strength, making it ideal for structural applications.

Considered the pre-eminent softwood log supply source in Australia, the GTR remains the only region with both an immediate surplus of high stiffness sawlog combined with a positive, low risk supply outlook. Supply is available that is supporting Timberlink's growth to become a world competitive pine timber producer.

Tasmania

Complimenting sawlog from the GTR, our Tasmanian sawlog is typically larger in diameter, with a good form making it ideally suited for larger end section structural and appearance grades. Our Tasmanian resource supply also supports our ongoing growth aspirations.

A high proportion of our mill's sawlog input is from pruned log. The pruning of a tree's branches while growing, results in fewer and smaller knots so these logs are targeted for our outdoor structural products marketed under the Timberlink Green brand – providing a fit-for-purpose strength and visual criteria.

Marlborough

Providing fibre to our Blenheim mill, the Marlborough plantation forests produce a high proportion of pruned high-grade logs for sawmill processing production. This fibre is well suited to producing high grade appearance and structural products. The region is also known for the stiffness and quality of its fibre and is one the largest pine growing regions in New Zealand.

We have a secure
supply of quality fibre

We have a unique combination of Australian and New Zealand sawmilling capability

Our three sawmilling sites represent a unique combination of softwood sawmilling capability and know-how within the Australasian timber industry.

We cut a range of fit-for-purpose building products with a quality wood chip residue, as well as value-add processing with treatment, lamination and finger jointing facilities.

Our sawmills located in Bell Bay (Tasmania), Blenheim (Marlborough, New Zealand) and Tarpeena (South Australia), process over one million tonnes of plantation log each year.

This unique softwood sawmilling capability gives us access to slow-grown sawlog which yields high structural grade properties, as well as access to large pruned sawlog for applications where a superior appearance is preferred.



Bell Bay, Tasmania

Bell Bay is an industrial area and port located on the eastern shore of the Tamar River, in northern Tasmania. Employing 194 people, about 3% of the Bell Bay population, our mill plays an important role in the region, spending millions each year in the local economy on parts and services.

The Bell Bay sawmill (a relatively new mill, having been commissioned in 2008), efficiently produces a range of structural, industrial and landscaping timbers both treated and untreated as well as woodchip for export.

A recent log sorting infrastructure upgrade has expanded our log sorting capacity by batching logs into similar diameter classes. A more optimal cutting pattern can then be applied allowing us to recover better value from each log.

Our Bell Bay site was the first in the world to produce a Low Odour LOSP, this next generation development applies to our outdoor structural range of Timberlink Green. It has been voted by our Australian customers as being up to 80 times improved odour when compared to traditional LOSP formulations.



Tarpeena, South Australia

Tarpeena is between Penola and Mount Gambier on the Limestone Coast in southern South Australia. It is located in the Green Triangle Region (GTR), where 80% of South Australia's timber plantations grow.

Tarpeena is a long established timber manufacturing site producing a range of treated and untreated structural and industrial products. The first H2F blue in-line spray system in Australia was commissioned here, and now treats our Timberlink Blue range.

Since Timberlink's ownership, state-of-the-art machinery and technology has been progressively commissioned as part of a \$30 million, 48 month upgrade programme.

Operating on a 40 hectare site, our Tarpeena sawmill employs over 200 people. The site is one of the largest employers in the area and plays a key role in the local community. Each year the mill invests significantly into the region using local businesses and contractors to maintain and upgrade the mill.



Blenheim, New Zealand

Blenheim is located in the Marlborough region in the north east of the South Island of New Zealand, and employs 85 people.

Our Blenheim mill processes a high proportion of pruned, high-grade log which it manufactures into high-grade appearance and decorative products. Other products produced include structural timber, laminated and finger jointed posts and moldings, decking boards and industrial grade timber.

The site operates on over 6 hectares. It has a sawline engineered to recover the best quality material possible from each log, a finger joint line, a modern preservative treatment plant and a lamination and finger jointing facility.

Timberlink has commenced a significant capital expenditure programme and is investing NZ\$10 million into the mill over a three year period. This will not only bring the mill up to date but will also have a positive effect on the local community.

Our distribution network provides flexibility and fast turnaround

Our comprehensive warehouse distribution network is provided by purpose built distribution centres in Knoxfield (Victoria), Gillman (South Australia) and Canning Vale (Western Australia).

Not just for smaller customers, our warehouse service is useful when customers just need a few packs to tide them over to the end of the month or need something urgently. It also allows customers to order only a couple of packs when they are trying something they don't normally carry. Each year around 65,000 packs of timber are despatched through our distribution centres, with most orders being turned around within a 24 hour timeframe.

Timberlink Distribution Centres

Knoxfield

Victoria

The Knoxfield warehouse in Melbourne is 11,280 m² with 2,500 m² of hardstand and a 1,200 m² undercover loading and unloading area.

Our internal Sales and Service teams for New South Wales, Victorian and South Australian customers are based here along with our shared business services.

Gillman

South Australia

Situated in Gillman, our Adelaide undercover warehouse is 4,800 m², including our undercover loading and unloading areas.

It is also home to our South Australian Sales and Distribution team.

Canning Vale

Western Australia

Our Canning Vale purpose-built warehouse spans over 7,500 m², with eight trailer loads of timber passing through the facility each day.

When built in 2007 it was the largest timber framed construction in WA, a title which it still holds. The team here services customers throughout Perth and regional WA.

Timberlink Mill-Direct Service

Our sawmills also provide a mill-direct service to our customers, with deliveries designed for bulk or direct semi-trailer loads.



"Our Knoxfield warehouse carries about 5,000m³ of timber which is about 125 semi-loads of timber. This gives our customers a wide range of product that can support their needs and that they can call on urgently if they require it. We regularly review our sales history to make sure we are stocking what customers want."

Warehouse and Distribution Manager



TIMBER **LINK**

GREEN[®]

TIMBER **LINK**

BLUE[®]

TIMBER **LINK**

SIENNA[®]



Our product range is not complicated; we make quality plantation pine products suitable for building and manufacturing applications



The majority of our products are sold in Australia and New Zealand. We also manufacture a range of industrial timber pine products for export primarily into the Asian and European markets

The backbone of today's and tomorrow's buildings



Our Products

Our product range is not complicated; we make plantation pine products of a fit-for-purpose quality for building and manufacturing applications. Everywhere you look you will see our sustainable products being used in our built environment.

Furniture and fit out materials are made with our plantation pine products. Homes, offices, schools and other buildings where people spend time use timber to provide assurance and warmth. Recent research has shown surrounding yourself with timber is good for your health.

Not so easy to see are our structural products providing the framework for Australian and New Zealand homes of all types. The design flexibility of our timber means it can be adapted to suit almost any job, be it a second storey extension, a line of new townhouses or even the construction of mid-rise buildings.

No matter what style of housing, these days most homes try to bring the outdoors in with big outdoor living areas usually designed around a deck. The majority of these decks are held up by plantation pine structural timber.

It is cost-effective, designed for outdoor, load bearing use and builders love working with it.

Our sleepers and fencing products are made for cost-effective landscaping work, and you will see them being used in both domestic and commercial gardens as well as schools and local playgrounds.

Also our transport industry relies on plantation pine to package goods sent all around the world. Pine pallets, crates and boxes are used to protect millions of products each day while in transit and storage.

Export

While the majority of our products are sold in Australia and New Zealand, we also manufacture a range of industrial timber pine products for export primarily into the Asian and European markets.

We are one of Australia's largest exporters of softwood sawmill chip. Shipped directly from Portland or Tamar ports, our woodchip is primarily exported to Japan where it is used in pulp production to manufacture quality paper and board products.

Sustainability and the Environment

Our products are environmentally certified by third parties

All Timberlink products are manufactured from renewable Australian and New Zealand plantation pine.

Responsible investment is central to all of Timberlink's log suppliers, business strategies and the sustainable management of pine plantations in Australia and New Zealand are key to this.

All Timberlink Australian manufacturing sites use AFS certified timber and are independently Chain of Custody (CoC) certified to Australian Standard 4707.

Customers on-selling Timberlink Australia branded unbroken packs can pass our CoC certification on to their customers without any accreditation or compliance costs. We also try to make it easier for our Australian customers to manage their certification paper trail by printing relevant CoC details on all of our delivery dockets.

Timberlink Australia exports Radiata Pine Woodchip to pulp and paper customers across Asia.

Timberlink supplies Woodchip from responsibly managed Australian Radiata Pine plantations. Timberlink Australia holds FSC® Chain of Custody Licence Number FSC-C074738 for Production and distribution of wood chips (FSC Mix, Controlled Wood).

Why building with plantation pine is good for the environment

It is renewable and fast growing.

It is a natural carbon storage bank keeping carbon out of our atmosphere.

It has a lower embodied energy than many other building materials such as concrete, steel or plastics.

It can be recycled at the end of its service life.

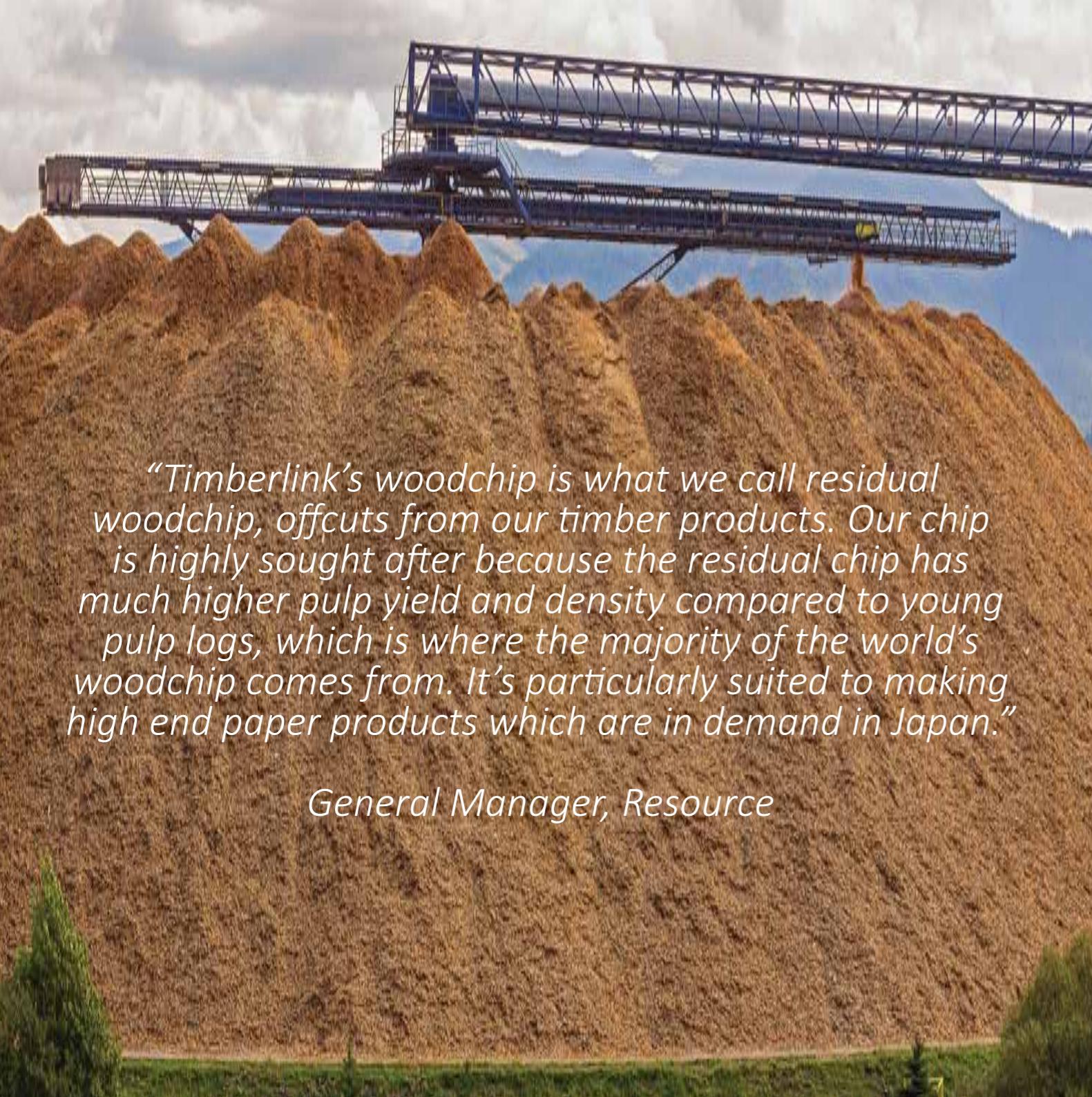
Our plantation pine is the building product for today and tomorrow

Plantation pine is fast growing, renewable, versatile and cost-effective. Timber is also a natural carbon store, with the carbon that trees absorb from the atmosphere and the remaining stored in the timber throughout its entire service life. In many cases up to 50% of timber's dry weight is carbon.

Plantation timber doesn't just have strong environmental and performance credentials it is also good for your health. Exposure to timber furniture and fittings has been found to help lower heart rate and stress responses, as well as encouraging greater interaction between people.

This is why governments around the world are adopting policies to encourage new buildings to be built with responsibly sourced timber products - low or high rise. We are entering the century of timber.





"Timberlink's woodchip is what we call residual woodchip, offcuts from our timber products. Our chip is highly sought after because the residual chip has much higher pulp yield and density compared to young pulp logs, which is where the majority of the world's woodchip comes from. It's particularly suited to making high end paper products which are in demand in Japan."

General Manager, Resource



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A close-up photograph of several logs stacked together. Some of the logs have red vertical markings, likely indicating they are from a specific source or have been processed. The wood has a warm, golden-brown color.

TIMBER LINK

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