

MEDIA RELEASE

23rd November 2017

FTMA SESSION ON TIMBER SHORTAGES

Firstly, we would like to acknowledge the FTMA for instigating this session on behalf of your fabricator members, understanding it is a very topical industry issues at the moment. We make our apologies for not being able to attend next week's session as we are in NZ.

Overall, Timberlink understands the topic is an industry issue, however, as you would appreciate, we are best positioned to outline only our own company approach in terms of this.

We do think there is potentially two different time perspectives to also consider on this issue. Currently, there is a poignant shortage across the industry and we believe this is a combination of both ongoing above forecast demand, combined with some overall reductions in supply to the market by competitor sources. We don't wish to attempt to explain this further as this relates to competitor strategies and therefore is not our place to explain or justify. Longer term, the fundamentals also suggest that as population continues to grow and although dwelling types will change, there is still the fact that the Australian market will not be self-sufficient in structural timber supply.

From our own company perspective, since becoming Timberlink less than 5 years ago, our business has spent over \$50m to build capacity and efficiency in our 3 mills – Tarpeena in South Australia, Bell Bay in Tasmania and Blenheim in NZ South Island.

With this investment, we have released an additional 200,000m³ log-in processing capacity during this time and improved our efficiency and sustainability in terms of world competitiveness. During this time, we have also expanded our geographic market footprint in the Australian market so that we have a more balanced market and product mix with our entrance and growth into the NSW market.

Our forward view for ongoing investment and growth is also very positive with the potential to process a further 200,000m³ log in over the coming 5 years.

We understand we are not fully satisfying our current customers' requirements of us now, but we have demonstrated a level of growth with most customers and a level of reliability and consistency that we are proud of.

Like any business partner, we are keen to improve the way we do business and look for opportunities for improvement with our customers and where appropriate, collaborate in terms of industry-wide opportunities. Broadly, we think there is merit in two particular areas for further work on this as industry – timber usage efficiency and waste in sawmill manufacturing and prefabrication and also grade specification use and efficiency for the Australian structural market.

We look forward to the feedback and next steps from this session and working ongoing with FTMA.

Yours sincerely,



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