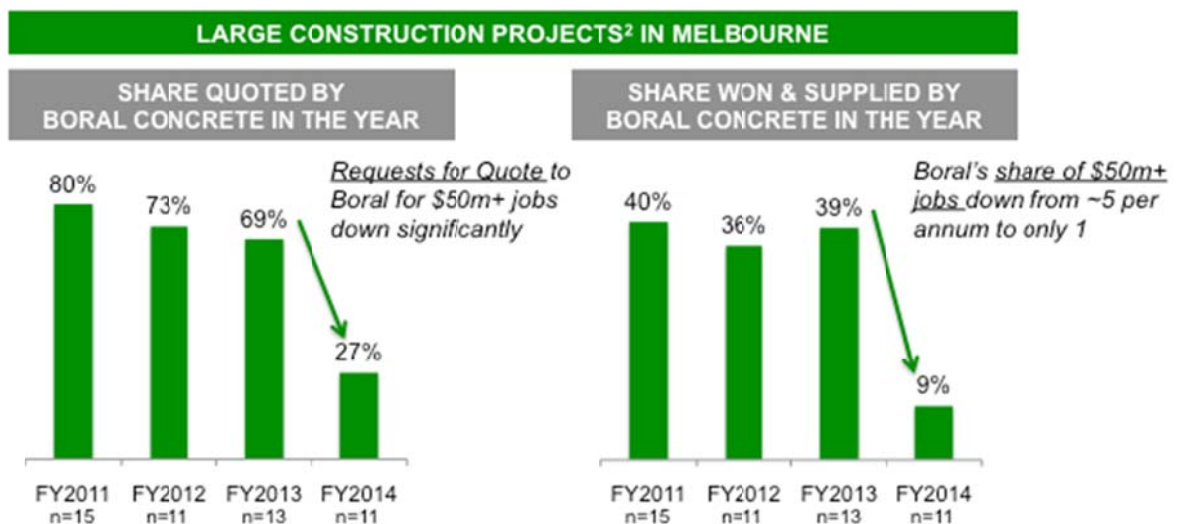




BACKGROUND INFORMATION

The Impact of CFMEU Imposed Secondary Boycotts on Boral

- Boral has been the subject of unlawful secondary boycotts by the CFMEU in Melbourne since February 2013, as a result of Boral continuing to supply Grocon.
- As a result of CFMEU interference, Boral has been locked out of CFMEU-controlled major construction in the commercial, industrial and engineering segments in Melbourne.
- As at 30 June 2014, there were around 80 CFMEU-controlled construction projects underway in Melbourne but Boral was supplying concrete to five projects only – two Grocon projects and three small projects near completion.
- Boral's 'Requests for Quote' and share of large construction projects in Melbourne has fallen dramatically, with only one new contract to supply concrete to a project exceeding \$50 million in value won by Boral in FY2014.
- The CFMEU boycott has cost Boral an estimated \$8-10 million¹ in lost earnings (EBIT) and legal fees to the end of June 2014.
- Boral has obtained numerous court injunctions and has launched separate contempt and damages actions against the CFMEU however the boycotts continue.
- In June 2014 the ACCC confirmed publicly it was conducting an investigation into the issue.



About Boral

- Boral is Australia's largest integrated supplier of construction materials – supplying cement, concrete, aggregates and asphalt to residential, commercial, industrial and engineering projects.
- With annual revenues in excess of \$5 billion for the Boral group, the Australian Construction Materials & Cement division contributes more than \$3 billion of revenue per annum.

1. Between Feb-13 and Jun-14 the impact on earnings before interest & tax (EBIT) is estimated to be between \$6m and \$8.5m; legal fees are ~\$1.75m.
 2. Projects exceeding \$50 million in value.