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Media Information

PaperlinX Reports Excellent Initial Result

PaperlinX Limited today announced a proforma after tax profit of \$86.9m, 1.6% ahead of prospectus forecast.

Profit before interest and tax was \$156.8m on a proforma basis, while sales were \$1,586m. PaperlinX was listed on April 17 as a result of its demerger from Amcor Limited, making comparisons against prospectus forecast most appropriate.

Directors have declared a dividend of 5.0 cents per share, fully franked, for the 3 months to 30 June, payable on 27 September.

PaperlinX's Managing Director, Mr Ian Wightwick, attributed the strong result to PaperlinX's position as Australia's leading integrated distributor and manufacturer of communication and packaging papers, including leading office paper brand REFLEX™.

"Sound operating performances were achieved by all our main businesses," he said. "PaperlinX is now achieving the benefits from the substantial capital investment programme, cost reductions and restructuring of recent years.

Pulp and paper production reached a record level of 1,346,000 tonnes."

"PaperlinX's merchants achieved a record year in sales," added Mr. Wightwick, "with major gains in publishing papers, coated papers for colour printing and cut-size office papers.

Our merchanting business is continuing to focus on enhancing value-added services.

Australian Paper's communications paper business volumes grew substantially, although operating earnings were impacted by increases in imported pulp costs. We are now on track following recent paper selling price rises.

The new Maryvale 5 paper machine exceeded performance expectations, producing 149,000 tonnes in its first full year, and we expect to exceed that significantly this year.

Our packaging paper business saw the benefit of strong demand, both domestic and international, to turn in record sales and a profit ahead of prospectus.

In packaging papers, we see opportunities afforded by the growth in internet shopping and the need for secure packaging for home delivery.

Our trading and plantation businesses also turned in excellent results, while Spicers have separately reported a record profit."

Mr. Wightwick said, "I am confident that the group can maintain and build on this performance, based on the strong market positions of our main paper products, the good operating performances of our merchanting and trading businesses, and benefits from our completed major capital investment program and our sound balance sheet.

We have only just begun."

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