



Interim Results

2000/2001

March 2001

Highlights

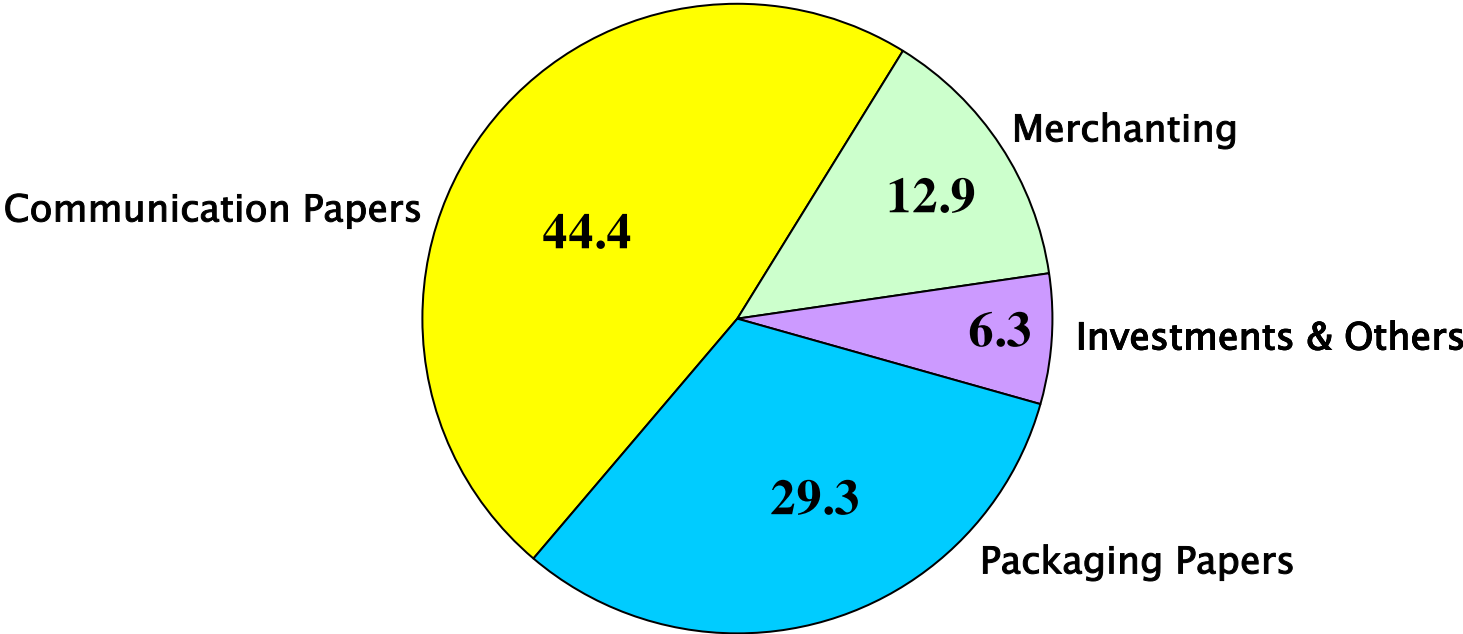
- ✓ Successful acquisition of Spicers Paper Limited.
- ✓ Profit before interest and tax of \$92.9m, an increase of 11.5% on prior year proforma results.
- ✓ Profit after tax of \$52.1 million, in line with prospectus forecast, and 9.7% above prior year proforma results.
- ✓ Earnings per share of 20.3 cents.

Highlights

- ✓ Interim dividend declared of 13.0 cents per share, fully franked to be paid on the increased number of shares resulting from the acquisition of Spicers.
- ✓ Profit before interest and tax to funds employed of 12.1%.
- ✓ Sound Balance Sheet.

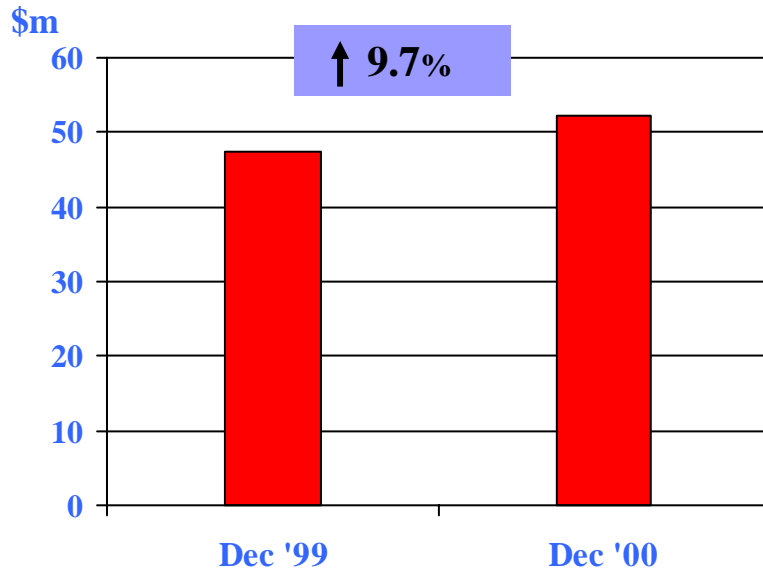
Note: Spicers Paper equity accounted.

Profit Before Interest and Tax (\$m)



Key Results - Profit and Sales

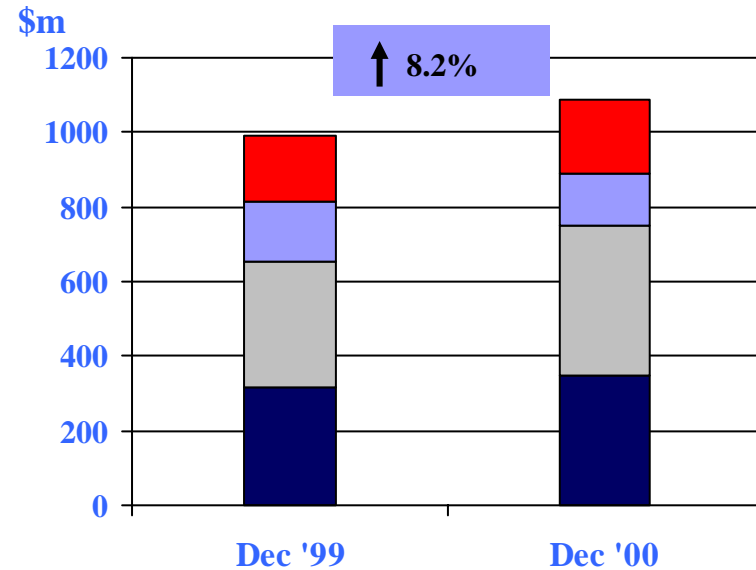
Net Profit After Tax



December 99*: \$47.5 million
December 00: \$52.1 million

**proforma*

Sales (before intercompany deductions)

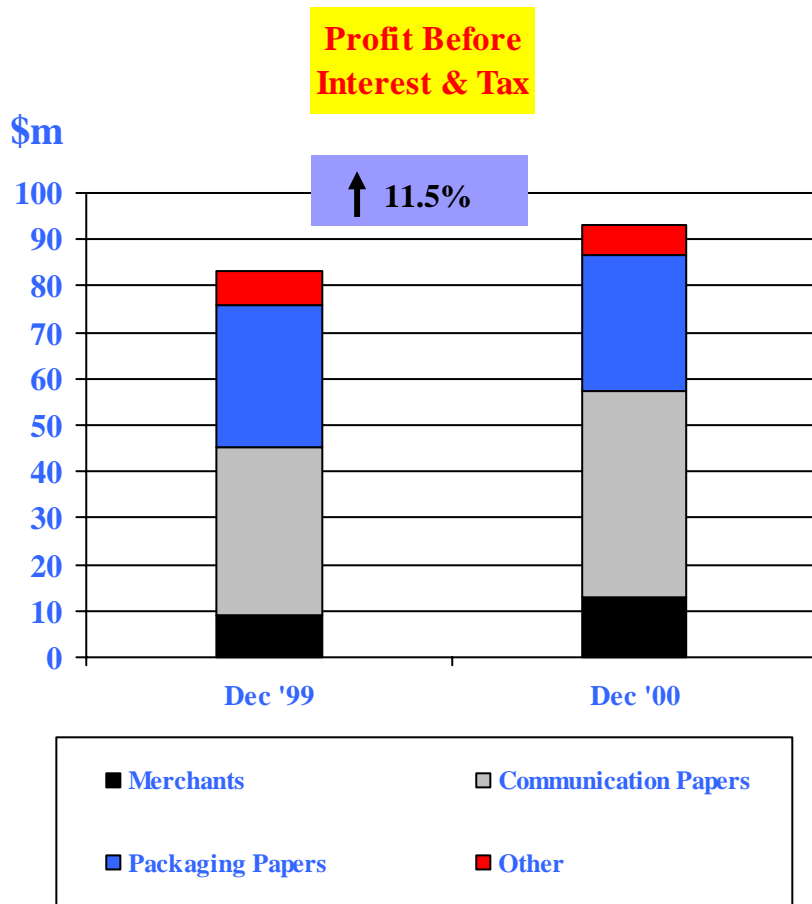


■ Merchandising	■ Communication Papers
■ Packaging Papers	■ Other

(Intercompany sales \$(246.4))

December 99* : Net Sales \$778 million
December 00: \$842 million

Key Results - Operating Earnings



December 99*: \$83.3 million

December 00: \$92.9 million

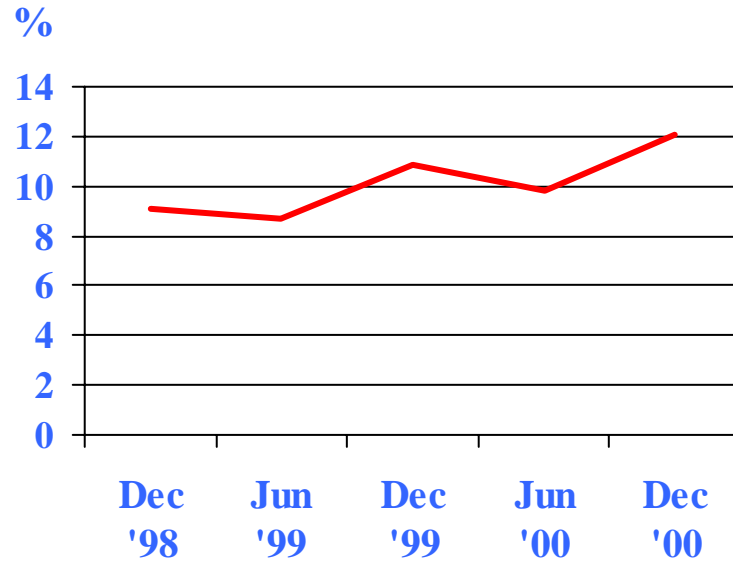
**proforma*

Key Variances:

- Benefits from cost reductions.
- Higher sales volumes in Australia and New Zealand.
- Higher selling prices for paper offset by increased cost of imported pulp.
- Volatile period for prices and currencies.
- Impact of Spicers acquisition.

Key Results - Returns

ROFE % Trends



December 99: 10.9 %

December 00: 12.1%

Key Financial Statistics

		<u>Dec</u> <u>2000</u>	<u>Dec</u> <u>1999</u>	
Profit before interest and income tax	\$m	92.9	83.3	↑ 11.5%
Profit after tax	\$m	52.1	47.5	↑ 9.7%
Earnings per share	cps	20.3	18.5	↑ 9.7%
Return on shareholders equity	%	10.8	10.1	↑ 6.9%
Net Interest cover	X	5.1	4.5	↑ 13.3%
PBIT/Funds Employed	%	12.1	10.9	↑ 11.0%
Dividend	cps	13.0	n.a	

Notes: All before abnormals

1999 based on proforma

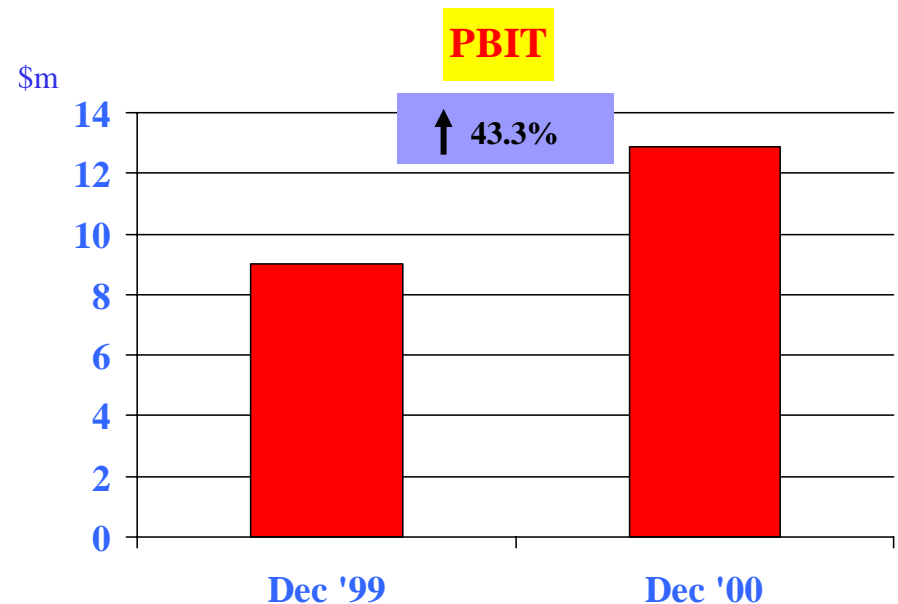
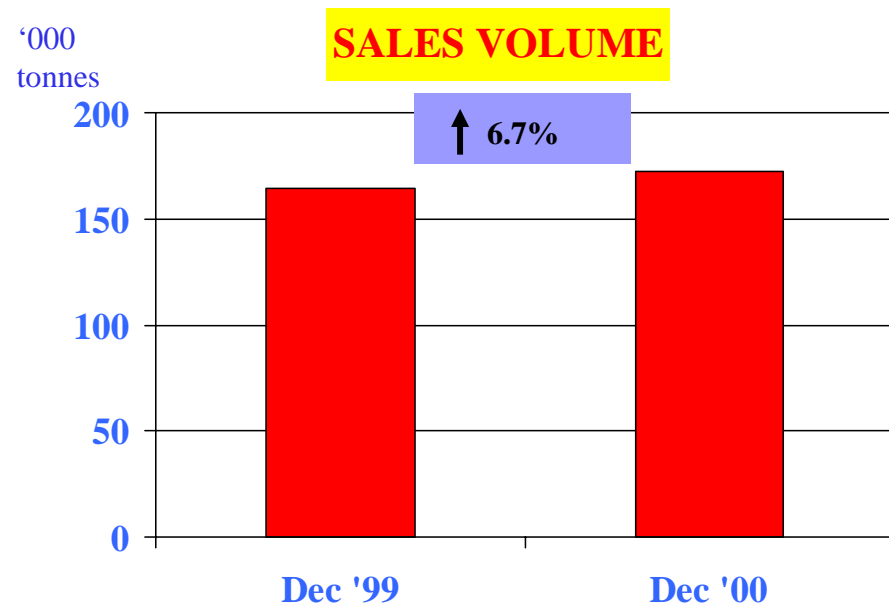
Financial Summary

		<u>Dec</u> <u>2000</u>	<u>Jun</u> <u>2000</u>		
Capital Expenditure	\$m *	21.0	26.5	↓	18.8%
Funds Employed	\$m	1,533	1,495	↑	1.9%
Net tangible assets per share	\$	3.61	3.54	↑	1.9%
Shareholders Equity	\$m	968.0	947.2	↑	2.2%
Debt	\$m	567.5	547.5	↑	3.7%
Debt / Equity	%	58.6	57.8		
Debt / Debt & Equity	%	37.0	36.6		

* six months expenditure

Merchanting

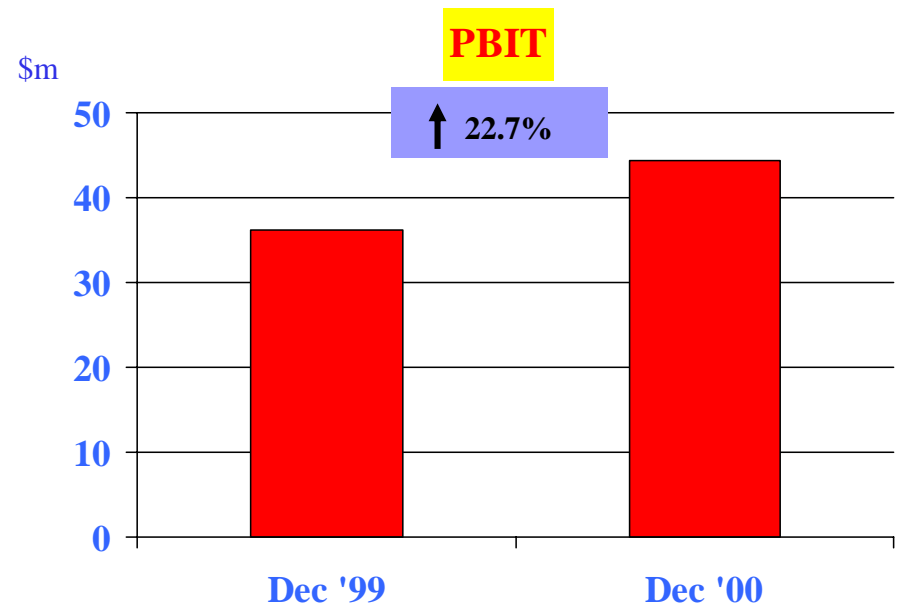
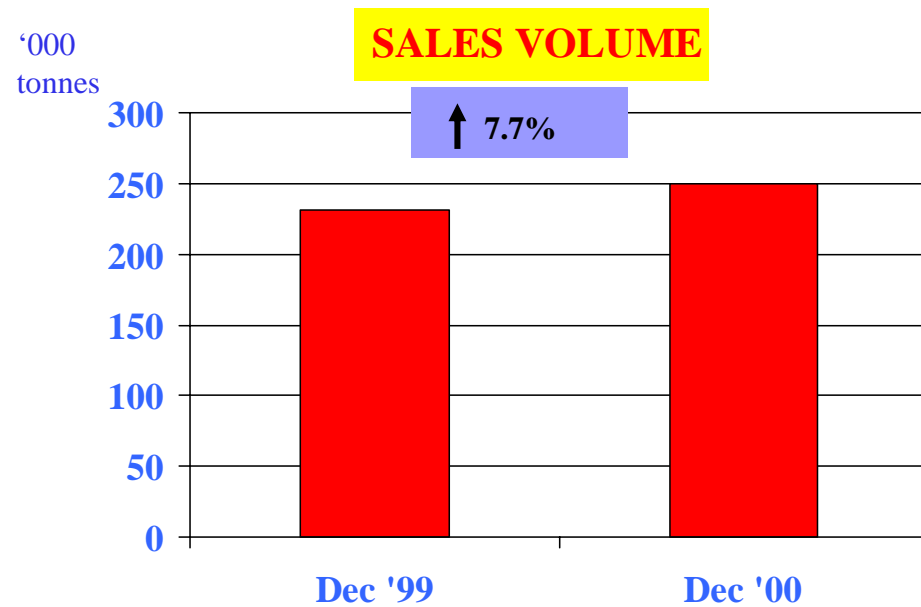
- Record sales volume of 175,200 tonnes (up 6.7%)
- Selling prices higher, reflecting higher priced imports and a weaker \$A.
- Continuing program of cost reductions.



Communication Papers

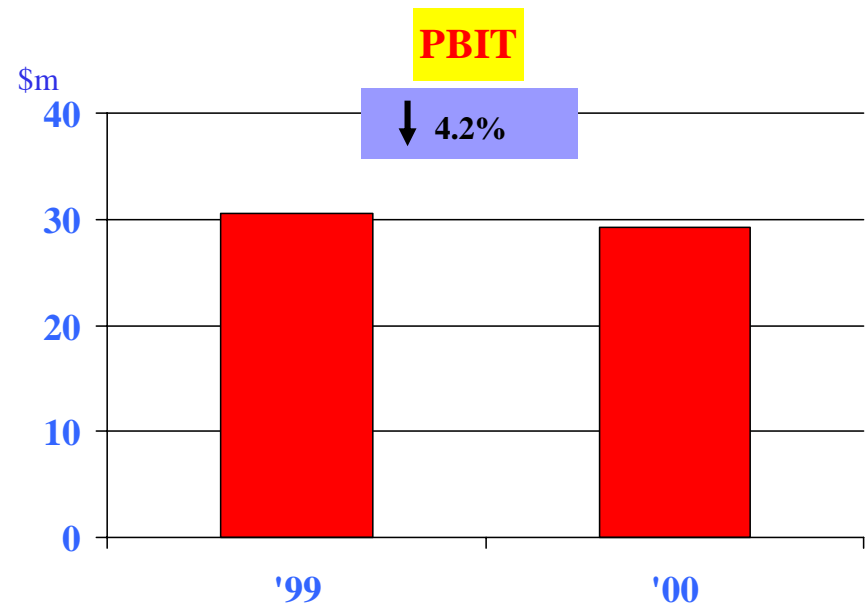
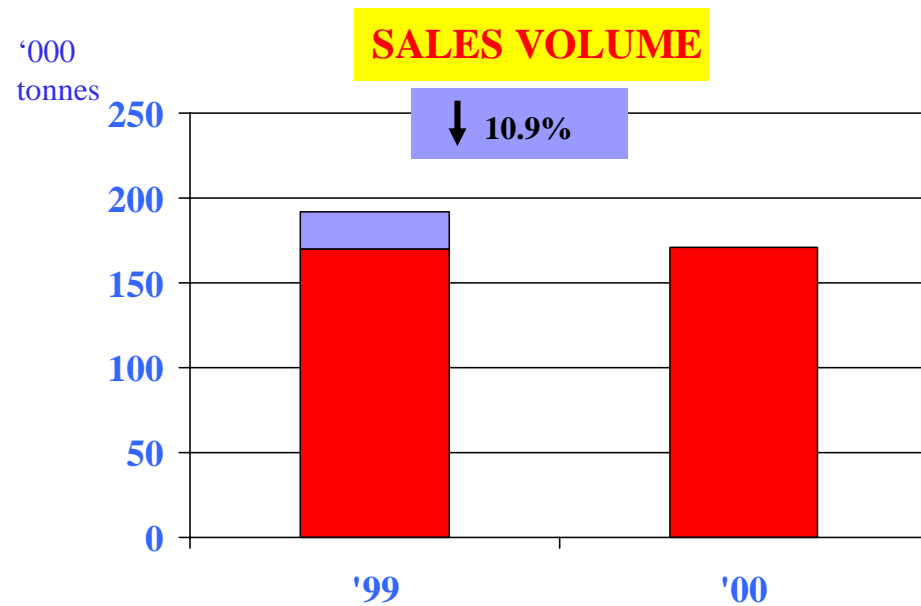
- Record sales volume of 249,000 tonnes (up 7.7%):
 - REFLEX™ continues to be copy paper brand leader
- Paper price rises balance higher cost imported pulp:
 - Historic relativity of pulp costs and paper selling prices restored
- Mill operating performance:
 - Excellent with production up 9%
- Tasmanian mills achieve ISO14001. Aim is for all mills to achieve certification by July 2001.

Communication Papers

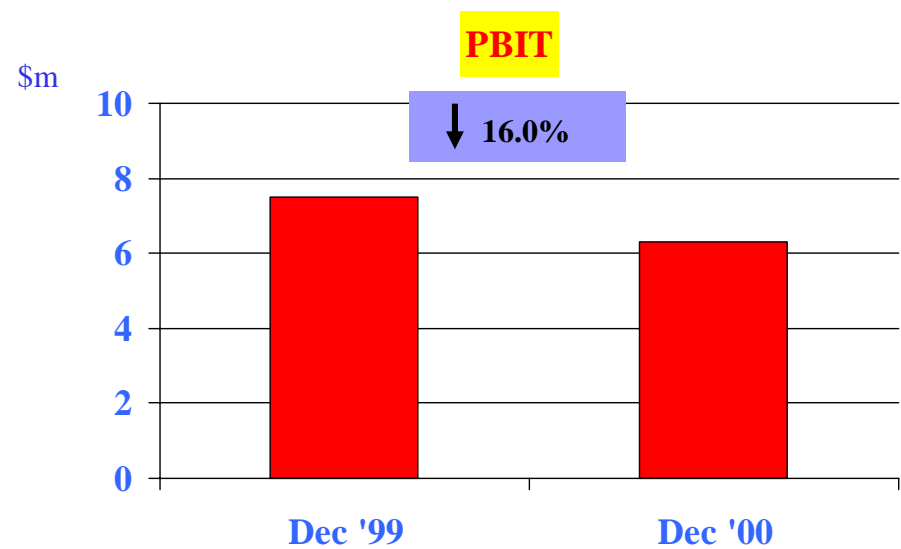
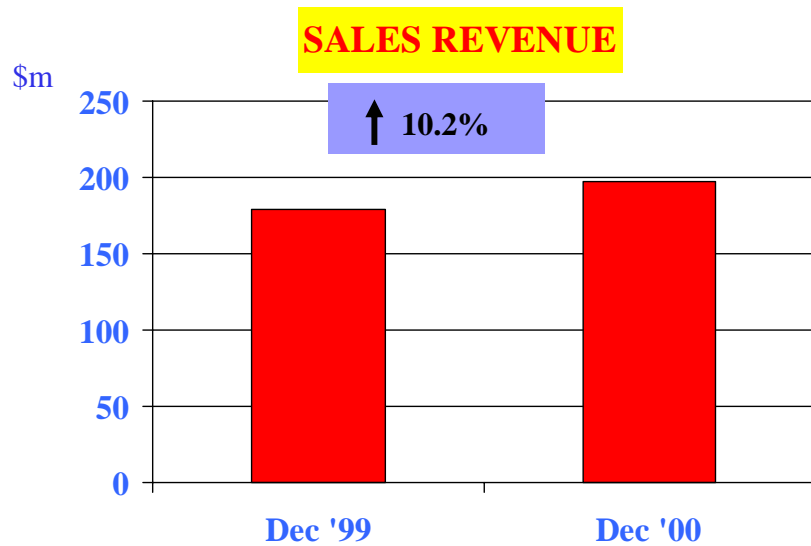


Packaging Papers

- Strong domestic & export demand with sales of 171,000 tonnes.
 - prior period included stock reduction of 22,000 tonnes
 - 13% of sales are export



Investments / Other Businesses



December 99*: \$179.0 million
December 00: \$197.3 million

December 99*: \$7.5 million
December 00: \$6.3 million

**proforma*

Investments / Other Businesses

Trading

- Pacific Paper Marketing (paper trading):
 - record earnings despite tough market conditions
 - predominantly Asia, Americas
 - tight international supply of paper
 - 161,000 tonnes sold
- Amtrade (raw material trading):
 - weaker Australian dollar saw tighter margins

Investments / Other Businesses

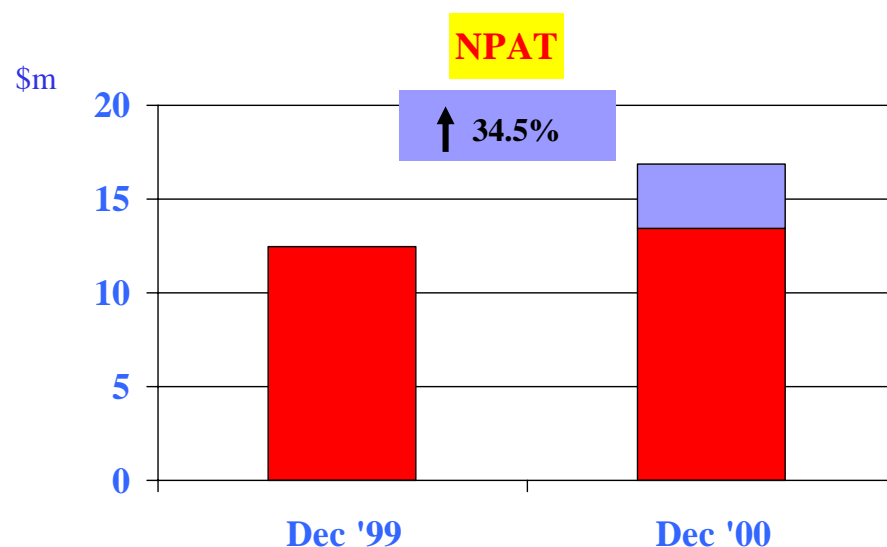
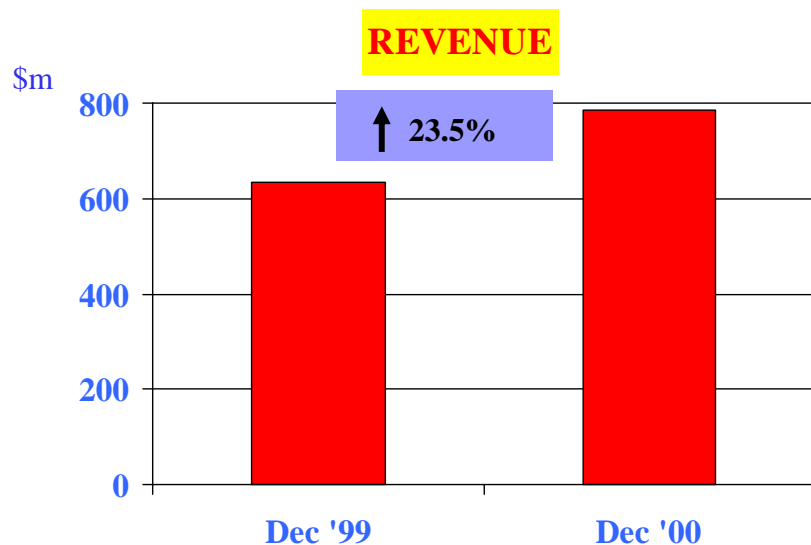
Plantations:

- Record harvest, in line with prospectus.
- Planting preparation on schedule for 2001 season, 2,600 hectares to be planted.
- Sawlog volumes impacted by building downturn
 - impacts margin and profit

Investments / Other Businesses

Spicers Paper:

- 42% owned during reporting period.
- Spicers PAT \$16.9 million before transaction costs (up 34.5%).
- Profit includes transaction costs of \$3.5m.



Outlook 2000 / 2001

- Earnings being delivered on track:
 - strong market positions of main paper products
 - good operating performances of all businesses
 - benefits of ongoing cost management program
 - integration of Spicers Paper

- Prospectus forecast for full year:
 - PAT \$100.2m
 - EPS 39cps
 - Dividend 27cps

Growth Drivers

- Merchanding:
 - synergy benefits with integration of Spicers Paper
 - expand major supply relationships
 - continue supply chain initiatives
 - international growth

Growth Drivers

- Manufacturing:
 - redirect exports to domestic market to match demand growth
 - M5 continues to exceed expectations
 - focus on efficiency
 - more profitable product mix

Opportunities and Challenges

- Australian economy / International economy.
- Paper prices.
- Capacity management.
- Market share.
- Spicers integration.

Spicers Paper

- Effective control January 29.
- Compulsory acquisition underway, less than 2% outstanding.
- Integration of PaperlinX and Spicers merchants underway.
- Focus on a smooth transition and achieving synergy benefits.

Spicers Paper - Immediate Impacts

The merger with Spicers Paper makes PaperlinX a more significant company for investors.

- Increase in capitalisation - up 40%.
- Increase in share market liquidity.
- Top 100 on ASX and increased weightings likely in regional indexes.
- Significant sector play.

Future

- Merchant / distribution focus.
- International expansion.
- Strategic alliances with paper manufacturers.
- Leverage brands.
- E-commerce developments continue.

PaperlinX is linking customers and brands through world class merchandising, distribution and manufacturing businesses ...

... to ensure strong and growing returns for our shareholders ...



... and we've only just begun ...