



**Interim Results**  
**2001/2002**

**February 2002**

# Economic Background

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- Global economic slowdown
- Falling business confidence
- Corporate collapses
- Falling demand and strong competition
- Lower paper price volatility

# Result Summary

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- ✓ Strong results
- ✓ Benefits of business mix
- ✓ Good returns to shareholders
- ✓ Have positioned to take advantage of future economic recovery

# Highlights

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- ✓ Revenue of \$1,519m, ↑ 80%
- ✓ Profit before interest and tax of \$112.8m, ↑ 21%
- ✓ Net profit after tax of \$64.8m, ↑ 24%
- ✓ Return on average funds employed of 13.2%
- ✓ Earnings per share of 20.1 cents on higher capital base
- ✓ Interim dividend of 13.0 cents per share fully franked

## Developments during period

- ✓ Sale of Australian Paper Plantations
- ✓ Sale of chemical trading business, Amtrade
- ✓ Sale of Edwards Dunlop and Commonwealth Paper
- ✓ Restructuring paper merchants in Australia

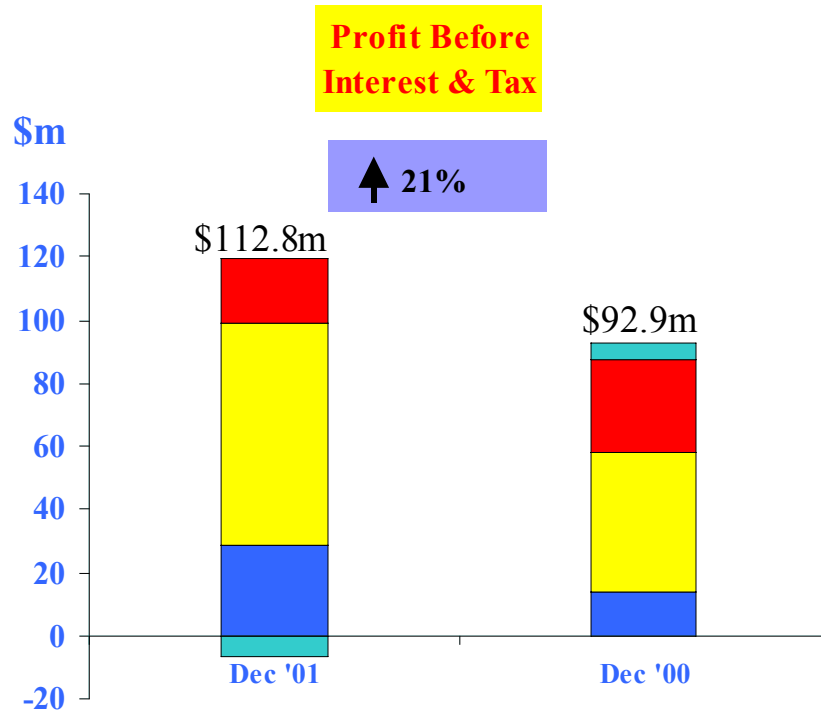
# Key Financial Statistics

		December <u>2001</u>	December <u>2000</u>	
Revenue	\$m	1,519	842	↑ 80%
Profit before interest, income tax, depreciation and amortisation	\$m	149.7	119.9	↑ 25%
Profit before interest and income tax	\$m	112.8	92.9	↑ 21%
Profit after income tax	\$m	64.8	52.1	↑ 24%
Earnings per share	cps	20.1	20.3	
Return on average shareholders equity	%	10.9	10.8	
PBIT/Average funds employed	%	13.2	12.1	
Net Interest cover	X	6.1	5.1	
Dividend - fully franked	cps	13.0	13.0	

# Financial Summary

		December <u>2001</u>	June <u>2001</u>
Capital Expenditure (excluding acquisitions)	\$m	33.3	48.5
Capital Expenditure (including acquisitions)	\$m	33.3	373.1
Average Funds Employed	\$m	1,608	1,868
Net tangible assets per share	\$	3.07	2.99
Shareholders Equity	\$m	1,203.8	1,177.7
Net Debt	\$m	404.4	690.7
Net Debt / Equity	%	33.6	58.6
Net Debt / Net Debt & Equity	%	25.2	37.0
Cash Flow from Operations	\$m	165.1	197.3

# Key Results - PaperlinX Operating Earnings



■ Merchants                      ■ Communication Papers  
■ Packaging Papers              ■ Other

December 00:            \$92.9 million  
 December 01:            \$112.8 million

## Key Variances:

- Benefits from lower imported pulp costs and stable paper selling prices
- Weaker global and Australian economic conditions
- Lower domestic packaging offtake
  - higher exports
- Impact of acquisition of Spicers Paper and Coast Paper and divestment of businesses

## Other/Financial

		6 months <u>Dec 01</u>	6 months <u>Dec 00</u>	Change <u>%</u>
Sales Revenue	\$m	204	136	50
Profit before Interest & Tax	\$m	(7)	5	-

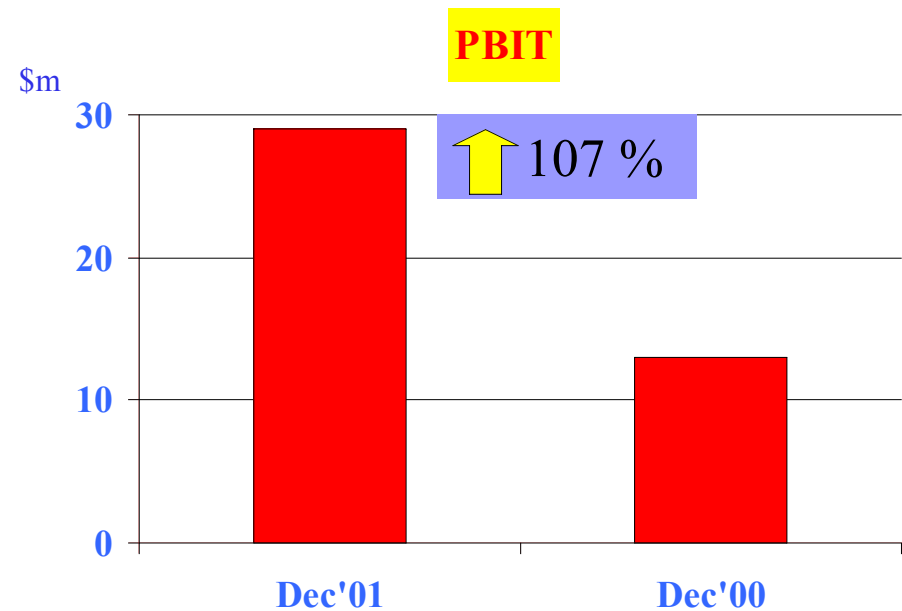
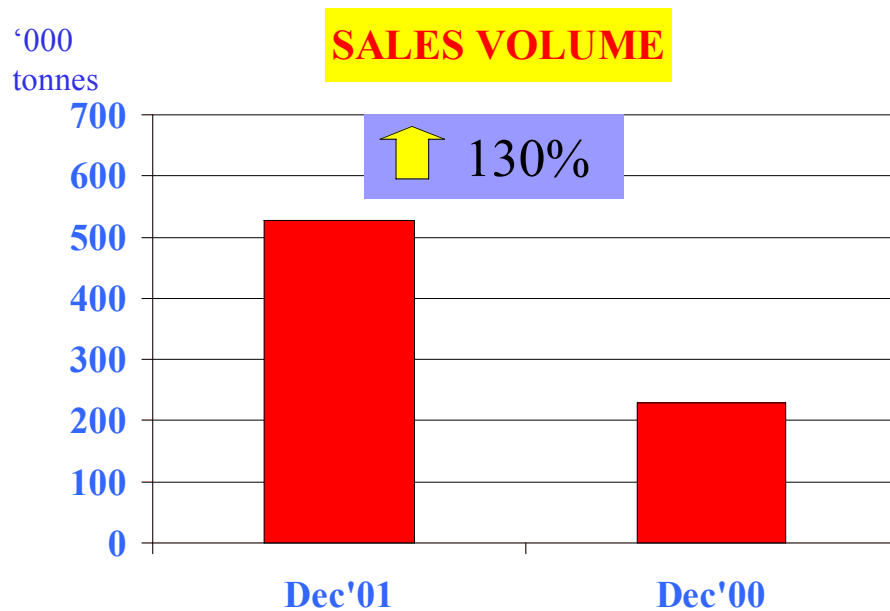
- Divested during period
  - Amtrade Australia and New Zealand (15/10/2001)
  - Australian Paper Plantations (30/8/2001)
  - Edwards Dunlop and Commonwealth Paper (13/9/2001)
- Corporate Costs and Stationery/Envelopes remain

### Balance Sheet

- Established long term debt financing

# Merchanting and Paper Trading

		6 months <u>Dec 01</u>	6 months <u>Dec 00</u>	Change <u>%</u>
Sales Revenue	\$m	1,098	408	169
Profit before Interest & Tax	\$m	29	14	107
Sales Volume	'000 tonnes	527	229	130



# Merchanting and Paper Trading

## Australia

- Revenue up reflecting acquisition of Spicers Paper
- Impact of lower levels of demand and highly competitive market
- Margins impacted by product mix
- Restructuring of Australian Merchants

# Merchanting and Paper Trading

## New Zealand

- Resilient economic conditions and demand
- Strong competitive position
- Benefits of restructuring in May 2001

## Asia

- Weak economic conditions
- Focus on costs improves returns

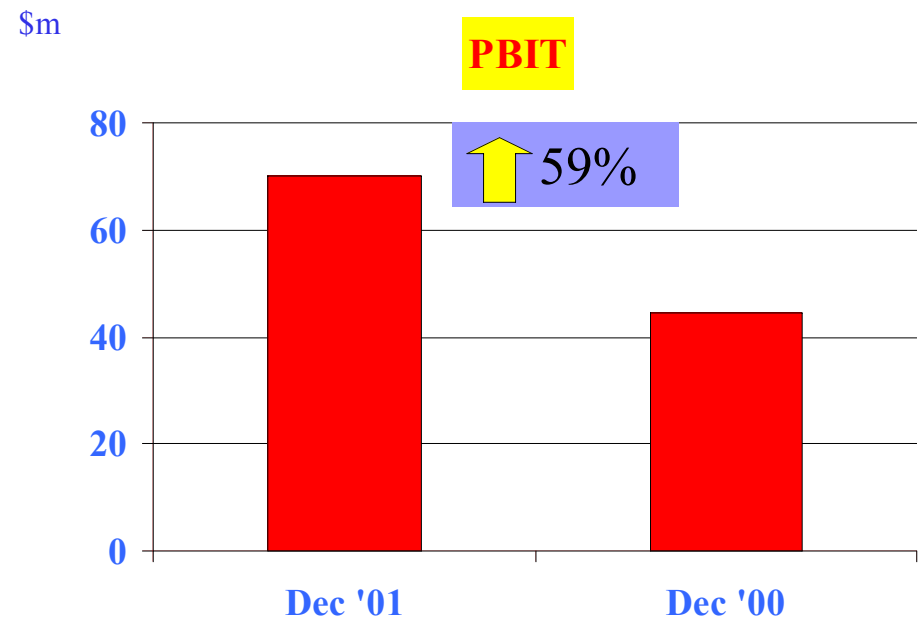
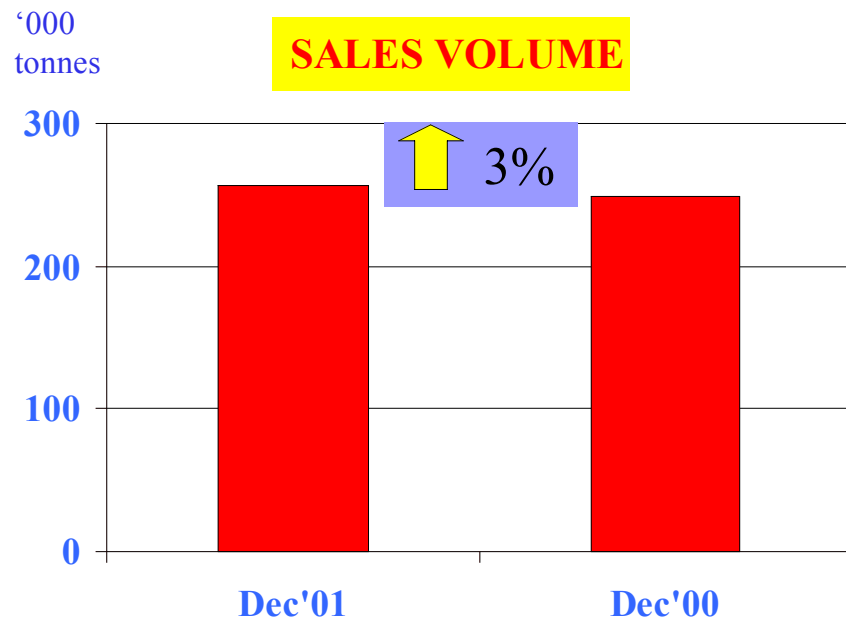
# Merchanting and Paper Trading

## North America

- Weaker economic conditions and demand
- Growing market share
- Margins and volumes
- Greenfield in Kansas
- Growth opportunities

# Communication Papers

		6 months <u>Dec 01</u>	6 months <u>Dec 00</u>	Change <u>%</u>
Sales Revenue	\$m	420	404	4
Profit before Interest & Tax	\$m	70	44	59
Sales Volume	'000 tonnes	256	249	3
- Australia / New Zealand	%	88	97	



# Communication Papers

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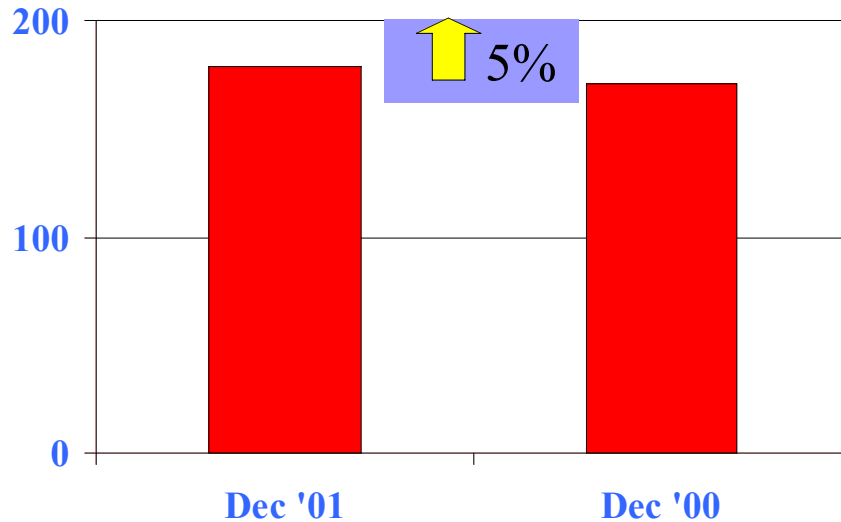
- Stable paper selling prices
- Imported pulp costs at cyclical lows
- Record production levels
- Low \$A and pulp costs support higher export levels
- Strong focus on operational excellence
- Flexible and responsive service focus

# Packaging Papers

		6 months <u>Dec 01</u>	6 months <u>Dec 00</u>	Change <u>%</u>
Sales Revenue	\$m	144	140	3
Profit before Interest & Tax	\$m	21	29	(28)
Sales Volume	'000 tonnes	179	171	5
- Australia / New Zealand	%	75	87	

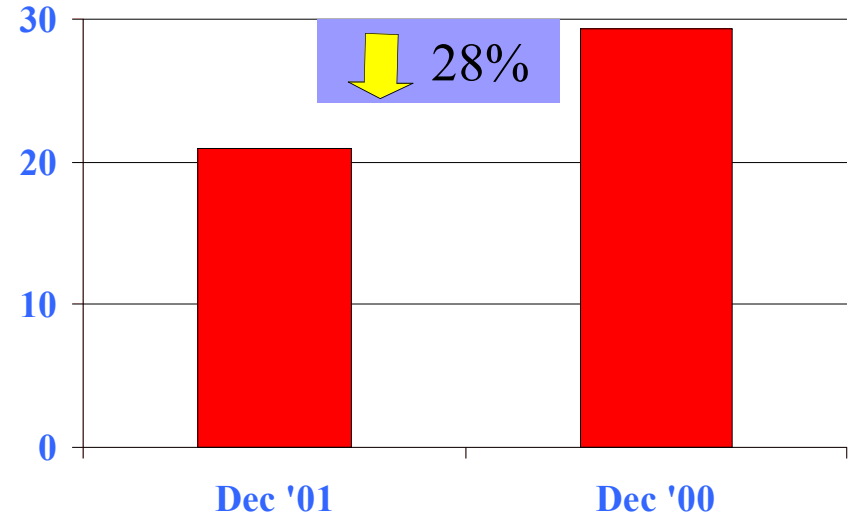
'000  
tonnes

## SALES VOLUME



\$m

## PBIT



# Packaging Papers

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- Amcor
- Higher export volumes
- Lower export selling prices
- Operations

# Strategy

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- Focus remains unchanged
  - Australasian merchants build on strong market positions
  - North America and Europe remain of key interest for international growth in merchanting as appropriate opportunities arise
  - Asian merchants focus on returns
  - Australian Paper to build on its significant Australasian position in white Communication Papers and brown Packaging Papers

# Business Outlook

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- Benefits from Australian merchant restructuring
- Imported pulp costs look stable for the near term
- Paper selling prices stable
- Future clearly dependent on economies over next 6 - 12 months
- Well positioned for future growth and economic recovery

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

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

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



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