

# WELCOME !

November 28<sup>th</sup>, 2006

PaperlinX Europe

## AGENDA

- PaperlinX UK & Ireland                      Toby Marchant
- The Delivery Co                                      John Ball
- Lunch
- Robert Horne Group                              Dave Allen
- Howard Smith Paper Group                      Malcolm Lane-Ley
- Hotel            :            Hilton, Northampton
- Dinner        :            Red Lion, Brafield

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## PaperlinX UK & Ireland

- Who are we?
- Leveraging our Scale
- The Market

### 1. Who are we?

- > AUD 2 billion
- > 2300 people
- The biggest player – By far!
- Part of the only truly international Paper Merchant

## But what does that mean?

We have the best team of people

+

The greatest scale to leverage

=

The leading agenda for growth & change

↓

The strongest market offering

\*  
\*  
\*

We out-perform the market

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- We achieve this through 3 different Operating Companies in the UK and 2 in Ireland
- This structure allows us to:
  - Maximise the appeal to our customers
  - Support our Strategic Suppliers
  - Grow our market share
  - And leverage our scale

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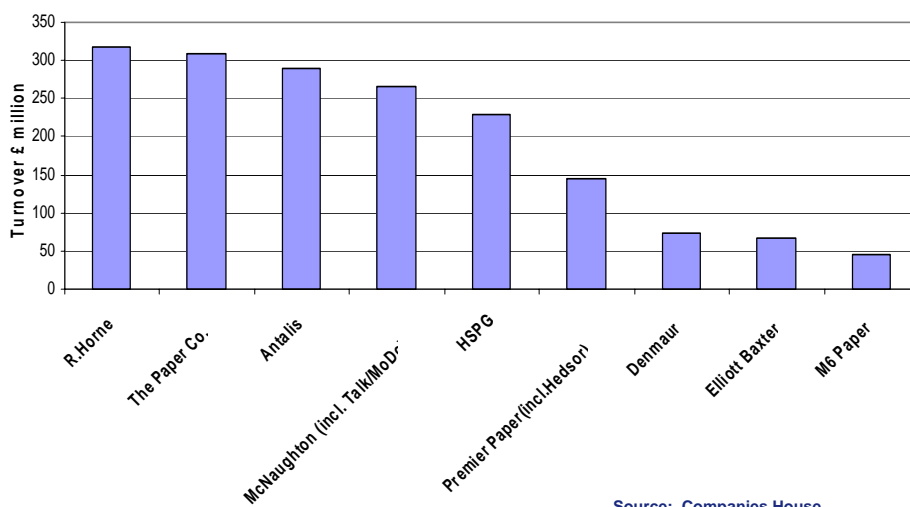
## The Operating Companies

UK : The Paper Co (incorporating M6 since 07.06)  
Robert Horne Group  
Howard Smith Paper Group

Ireland : DM Paper  
Robert Horne Group

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## Major UK Merchants 2005



Source: Companies House

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## Differentiation

*understanding the value proposition*

### **The Paper Company**

A “local” entrepreneurial group of companies, close to their customers, who are drawn from across the Commercial Print sector, in which they are the market leader. They offer a wide, but standard, range with a bias towards mill brands, backed by a standard setting same day delivery service.

**KEY WORD:** Local  
“The baseball cap”

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## Differentiation

*understanding the value proposition*

### **Robert Horne Group**

The biggest Brand in the industry. Close to larger customers, aloof from smaller. Strong merchant own labels, with 74% either MOLs or exclusive brands in Commercial Print, which has enabled leadership in the specifier and corporate sectors. Also market leader in Business Papers and Sign & Display sectors. Reliable next day service backed by excellent technical / aftersales service. Strong environmental positioning.

**KEY WORD:** Professional  
“The bowler hat”

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## Differentiation


















*understanding the value proposition*

### Howard Smith Paper Group

The lowest cost operator in the market, serving the large commercial printer with a focussed range of Commodity volume biased, mainly MOL brands. Additionally, a Group of specialist companies in the Publishing, HSWO, Forms and Business Paper markets, and the market leader in the first two.

**KEY WORD:** Low cost  
“The hard hat”

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 Donald Murray Paper	 Mason's Paper	 The Robert Horne Paper Co.	 HOWARD SMITH PAPER
 North West Paper	 Southern Paper		 CONTRACT PAPER
 Rothera & Brereton	 Dixon & Roe	 Robert Horne Sign & Display	 SAVORY PAPER
 Reel Paper	 Europoint Display		 Robert Horne Business Papers
			 TRADE PAPER RETAIL SPECIALISTS
			

## Winning in the Right Way

- With such a significant market share we have to manage the areas of overlap with great care
- Clear customer segmentation and differentiated Value Propositions help, but there is still an overlap, and failure to manage it reduces both value and morale
- We manage this in the UK by “Winning in the Right Way”
- This is a communication and commitment process that ensures we compete on the basis of the differentiated value propositions and not simply the lowest price

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## 2. Leveraging our Scale

PaperlinX UK Guiding Principle:

Standardise, where possible, differentiate where necessary.

In the UK there is a significant opportunity for leveraging our scale, by consolidation and co-ordination that **WILL NOT** affect our differentiated value propositions.

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## Leveraging our Scale

- Our People
  - Unrivalled scope and opportunity
  - Unrivalled training and development
  - Unrivalled quality and depth of resource

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## Leveraging our Scale

- Our Customers
  - Value creation for mutual benefit (Strategic Value Selling Programme)
  - Lowest cost to serve
  - Unrivalled choice

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## Leveraging our Scale

- Our Suppliers
  - We are our Suppliers' largest customer
  - Our Global Strategic Supplier initiative leverages that strength
  - Our local relationships mean we tend to have 'first bite'

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## Leveraging our Scale

- Our Operations
  - Global customers
  - Working Capital

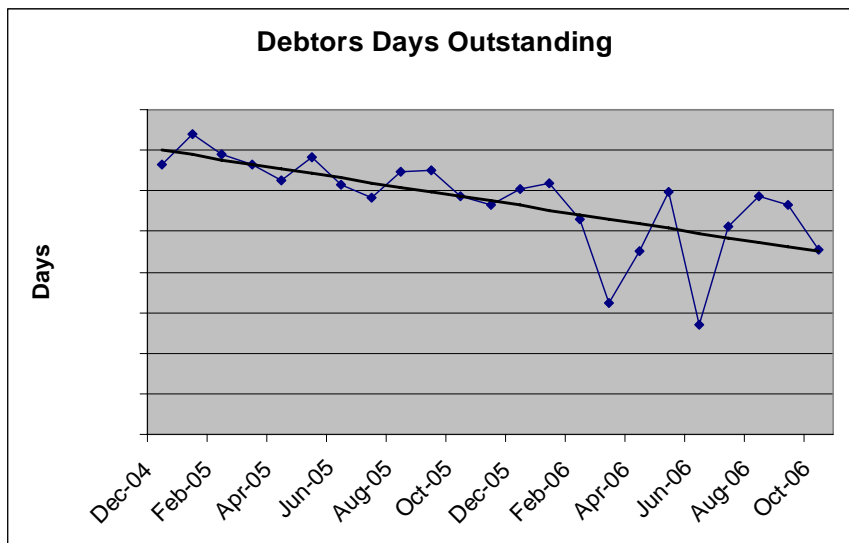
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## Working Capital Management

- Approximately £150m – our largest asset
- Effective management of Working Capital is consistent with our Core Operating Principles
  - *Productivity to provide funds to improve sustainability and growth*
  - *Fully leverage our global opportunities*
  - *Results oriented teamwork / success as a team*
- A key driver of improved Economic Profit

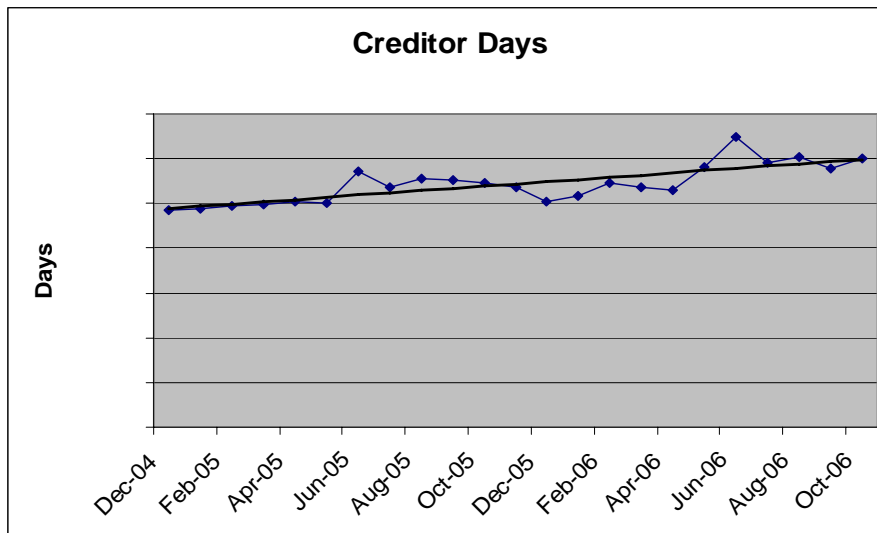
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## Debtors



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## Creditors



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## Leveraging our Scale

- Our Operations
  - Global customers
  - Working Capital
  - IT / e-commerce
  - Logistics – The Delivery Co

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### 3. The Market

- 2006 has been a tough year !
- Pressure on Volume, Price and Margin
- Increased incidents of Bad Debt
- Pressure on Overheads, Fuel / Energy in particular

### However ...

#### Demand Forecast

- A slight upturn in the second half
- Consolidation continues to pressurise margins (PFM, Print Groups, Corporate Procurement)
- But we are well positioned to compensate with volume gains

### Supply Forecast

- At last, some positive momentum in European overcapacity management
- Uncoated prices moving up
- Positive signs in Coated, but still some risk
- Sittingbourne's H1 closure significant

### Mill Closures in Western Europe

2005	280 kt
2006	1441 kt
2007 (so far)	<u>720 kt</u>
	2441 kt

### Share of W.E Capacity Closing

Coated Mechanical	6.9%
Coated Woodfree	7.1%
Uncoated Woodfree	8.2%

## **The Delivery Company**

**28th November 2006**

John Ball  
Director  
The Delivery Company

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### **November 2005 – Joint Announcement**

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- **Consolidate logistics activities of the 4 PPX UK Merchants**
- **New jointly owned and dedicated logistics organisation**
- **Many issue still to be resolved**
- **Early announcement to enable wider involvement and engagement**

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## January 2005 - Project Discovery

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### Feasibility study to look for benefits from common ownership

- Organisation / Operational efficiencies without adverse strategic consequences
- Guiding principle 4 successful businesses at start and finish
- Cooperation in logistics identified as greatest potential benefit

### Unique opportunity through PaperlinX common ownership

- To develop an integrated and sustainable logistics structure
- To deliver significant commercial and environmental benefits
- To continue to support the individual needs of the separate operating companies

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## UK Logistics Overview

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### Combined Annual Logistics Activity

- Deliver more than 500,000 tonnes
- Complete more than 1.25 million deliveries
- Travel more than 25 million kilometres
- Represents 50% of the the total cost base

### Combined Logistics Resources

- Employ more than 1000 people
- Run a fleet of nearly 500 vans
- Based at more than 50 operational sites
- Occupy more than 1.5 million sq ft of warehouse space

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## Conclusions

- High levels of activity and customer service have led to significant investment in separate and individual logistics infrastructures
- Independent development of the logistics networks has inevitably created duplication and under-utilisation of resources

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## The Compelling Vision

### Project Discovery Steering Group June 2005

- Generate savings to re-invest into the organisation and drive growth
- Improve overall service offering across all op-co's
- Leverage a winning supply chain market strategy into the market
- Increase emphasis and focus on key functional areas

### PaperlinX Executive Board Meeting September 2006

- Need to deliver on current initiatives and reduce costs ...to provide funds to invest in ...growth opportunities
- Logistics as a Competitive Advantage
- Leveraging our full supply chain and service offering
- To create superior customer service and differentiate our business

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## Develop the Compelling Vision

### Generate savings to re-invest into the organisation and drive growth

- Reduce net costs for logistics to provide fuel for growth and re-investment
- Provide visibility into cost and service decisions

### Improve overall service offering across all op-co's

- Increase absolute vehicle availability for the individual op-co
- Introduce technology; Vehicle routing, order tracking, electronic POD etc

### Leverage a winning supply chain market strategy into the market

- Leverage scale across the entire group
- Position organisation to identify supply chain synergies up stream

### Increase emphasis and focus on key functional areas

- Increase marketing and sales focus of op-co's
- Improve logistics skills and drive operational excellence across the group

...because we can not because we need to...

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## 3 into 1 Operational Modelling

• Number of Vans	-22%	• Kms / Van	-4%
• Total Man Hours	-16%	• Kgs / Van	+28%
• Kms Travelled	-26%	• Deliveries / Van	+29%
• CO2 Emissions	-26%	• Deliveries < 10:00	=
• Hours / Shift	+8%	• Deliveries < 12:00	-4%

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## Operational Issues

### People

- Organisation & Culture
- Terms & Conditions
- Communications & Engagement

### Service Levels

- Maintain Service Differential
- Quantified and Measured
- Support Growth & Development

### Warehouse facilities

- Operational Model
- Local Stock v Cross Docking
- Size, Location and Leases

### IT Systems

- 3 Different ERP Systems
- Consolidated WMS Solution
- CVR and Mobile Data

### Van Fleet

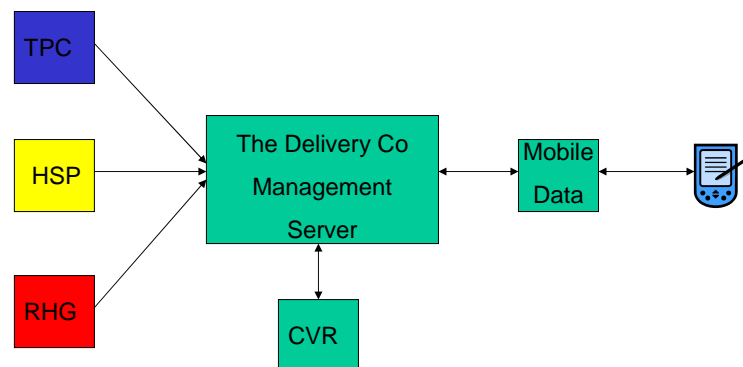
- Size and Specification
- Livery & Leases
- Operator's Licence

### Other

- Data Collection & Consolidation
- Cost Allocation Basis & Mechanism
- Neutral & Even-handed

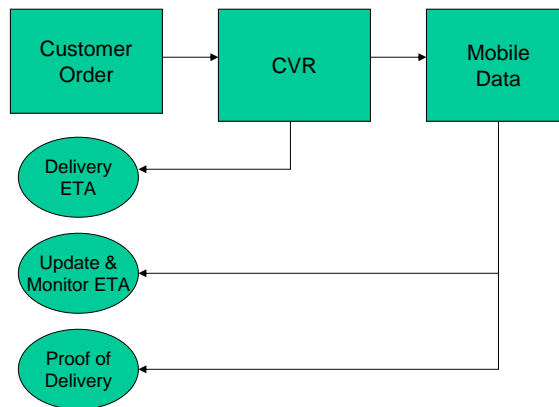
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## IT Solution and Infrastructure



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## Order Tracking



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## Transition Costs

### People

- Rationalisation and Retention
- T&C Harmonisation
- Project Team & Management

### Property

- Exit / Relocation Costs
- Lease Capitalisation

### Operations

- Layout & Relocation
- H&S Issues and Aspects
- Fleet Rationalisation

### IT Systems

- Management Server
- ERP Interfaces
- CVR & Mobile Data

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## The Benefits

- To the four operating companies**
  - A reduction in operational costs
  - The generation of funds for re-investment
  - An offset to steeply rising energy costs
  - No loss of competitive advantage
- To our people**
  - To work for, or with, the largest operation in the UK
  - To learn new skills and broaden experience
  - To benefit from the re-investment of the savings
- To our customers**
  - A consolidated and more efficient delivery service
  - Real time order tracking and on-line PODs
  - No reduction in choice
- To the environment**
  - Reduced energy consumption
  - Reduced CO2 emissions
  - Reduced congestion and wear and tear on the infrastructure

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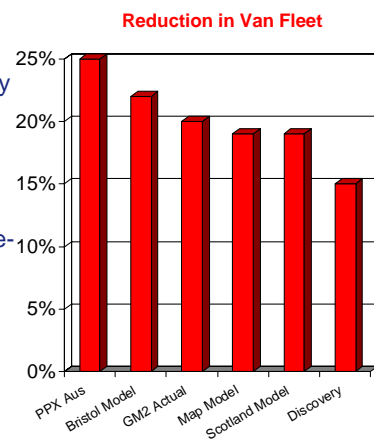
## Project Risks and Opportunities

### Timetable Risks

- IT development timescale – mitigated by pilot development
- IR & TU consultation process – mitigated by non-prescriptive approach
- Property bottle-necks – mitigated by flexibility to respond to opportunities – Lewes / Newcastle / Birmingham
- Resources for parallel implementations – re-assess post initial implementation

### Mitigation Opportunities

- Compressed timescale for quick-win opportunities – HSP / RHG
- Sale of free-hold properties – Glasgow / Manchester / Leeds
- Vehicle re-livery through restructured lease
- Feasibility of higher savings - >15%?



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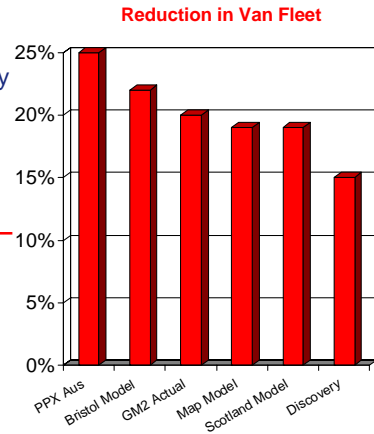
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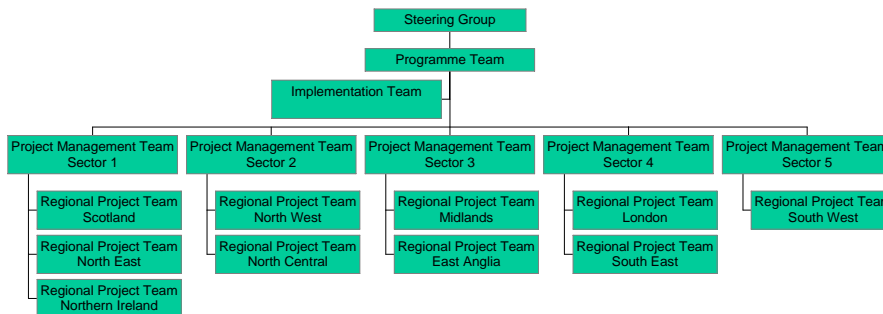
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## Project Team Structure



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## Project Team Roles and Responsibilities

### Management Team

- Provide commercial perspective/insight to operational plans
- Review output from the Regional Project Team
- Approve the operational solution
- Agree communication plan for sales teams and customers

### Regional Project Team

- Collect and map data
- Identify operational options
- Select and recommend preferred operational solution
- Develop implementation plan

## Generic Regional Project Plan

ID	Stage	Phase	WK:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
S-0	<b>Strategic</b>																												
S-1		Data Mapping	2																										
S-2		Identify Options	2																										
S-3		Select & Approve Solution	2																										
S-4		Submit Capex	2																										
I-0	<b>Implementation</b>																												
I-1		Service Level Profile	6																										
I-2		Operational Model	8																										
I-3		Operator Licence	13																										
I-4		Property	?																										
I-5		HR / People Issues	13																										
I-6		Layout & Equipment	?																										
I-7		IT Special Needs	?																										
I-8		Optrak & POD roll-out	12																										
I-9		Re-charges	4																										

## Fast Track Opportunities

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- **Availability of tested Management Server Infrastructure**
  - Enables concurrent projects to be planned and implemented
- **RHG/HSP**
  - Similar operational model – trunking and cross-docking
  - Host site RHG with established working practices
  - Optrak operational and established delivery time-windows
  - HSP third party operations – Southampton/Leeds/Northampton
  - HSP in-house operations – London/Newcastle/Ivybridge
- **RHG/TPC**
  - Areas with no HSP operations
  - Potential manual interim solution for routing
  - Belfast – facilitated by warehouse opportunity
  - Aberdeen – RHG third party

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## Regional Roll-out

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- Scotland
- Northern Ireland
- North West
- North East
- North Central
- Midlands
- East Anglia
- London
- South West
- South Central
- South East

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## Delivering the Compelling Vision

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- Generate savings to re-invest into the organisation and drive growth
- Improve overall service offering across all op-co's
- Leverage a winning supply chain market strategy into the market
- Increase emphasis and focus on key functional areas

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## The Delivery Company

28th November 2006

John Ball  
Director  
The Delivery Company

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# Robert Horne Group Company Overview and Value Proposition

28<sup>th</sup> November 2006

 Robert Horne Group

 *Know-how in paper, board and plastics*

## Robert Horne Group

- A brief overview of the business
- Our recent history
- Our key areas of focus
- Our challenges
- Our strategy for profitable growth

 Robert Horne Group

 *Know-how in paper, board and plastics*

## Key Data

- £300m sales
- 855 Employees
- 1 Central Distribution Centre
- 8 Regional Distribution Centres
- 20 locations
- 9100 Stock SKUs

 Robert Horne Group

■ *Know-how in paper, board and plastics*

## Our Orientation

*How do our customers see us?*

- Leading **environmental** merchant
- Value **differentiation** with our product mix
- **Knowledgeable** & professional service provider

 Robert Horne Group

■ *Know-how in paper, board and plastics*

## Our Orientation

***What do we offer our employees?***

- Strong on **recruitment, retention, training, coaching, communication**
- An environment where people can **grow, succeed** and **enjoy** what they do
- Strong culture with **VBM focus**

 Robert Horne Group

■ *Know-how in paper, board and plastics*

## *Have Your Say ... Results*

	2004	2005	2006
Overall Satisfaction Rating	62	66	68
I feel proud to work for Robert Horne	69	69	70

Note: Excellent rating = > 66% as benchmarked by ETS

 Robert Horne Group

■ *Know-how in paper, board and plastics*

## Our Recent History

- Significant Growth in 1990s
  - 7 acquisitions
  - **DOUBLED** our people, SKU's and capital employed!
  - Continuous **reduction** in economic profit
- Rationalisation and Focus 2000 – 2005
  - **11** to **4** operating companies
  - Headcount **reduced by 30%**
  - **New Structure** and Corporate Identity
  - Value Based Management (**VBM**)

## Our Key Areas of Focus

	<u>Sales</u>
■ Commercial Print	£165m
■ Business Papers	£ 56m
■ Sign & Display	£ 79m
	<hr/>
	£300 million

## Our Challenges

- Overcapacity for both suppliers and customers
- Customer consolidation and increasing leverage of large print groups
- Threat from Eastern Europe and Asia
- Disintermediation in Office (Business Papers) sector

## Our Strategy for Profitable Growth

- Benchmark and leverage commercial position
- New Business Papers value proposition
- Enhanced environmental and value added product range
- Drive further reductions in working capital across all divisions
- Drive further evolution in e-business
- Develop Digital Solutions business

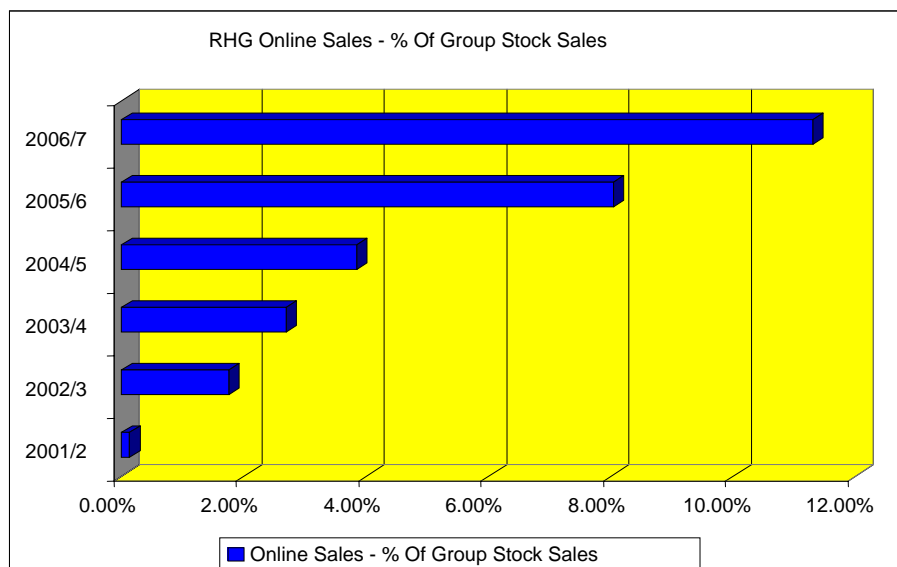
## Enhanced environmental and value added range

- Environmental focus a **key competitive advantage** and differentiator
- Full time environmental manager to support customers and end users in managing chain of custody
- Build on REVIVE with new specifications – 50/50 and 100% LWC launched September 06
- **Restructure** value added range and **re-orientate** back selling team to work in closed loop with Branches

 Robert Horne Group

■ *Know-how in paper, board and plastics*

## e-business evolution



 Robert Horne Group

■ *Know-how in paper, board and plastics*

## e-business evolution

- Roll out of direct ERP to ERP links with key customers
- Enhancement of internet based esp links - BITE 3
- Shopping cart programme to new target markets

## Digital Solutions

- New wide format digital printing technology is being adopted by “single process” (sign/screen/litho) customers
- Digital capability is causing convergence across sign and display market
- Opportunity for Robert Horne to drive consumable product sales by offerings complete digital packages:
  - Machine, software, service, finance, media and inks

## Digital Solutions

- A portfolio of wide format inkjet roll-to-roll and flatbed printers to cover key price/productivity combinations from low cost entry machines to production workhorses, from leading manufacturers including **Roland**, **Mimaki**, **Agfa** and **VUTEk**
- Industry leading design and device driving software, including **Onyx** and **Signlab**

 Robert Horne Group

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## Digital Solutions

- Comprehensive selection of both aqueous and solvent inkjet media with related profiles, from a combination of both manufacturer and RHG own brands such as **dtec**, **Avery** and **Kentmere**
- Inks and cartridges to complement all printers supplied
- Extensive range of finishing machinery and associated consumables from **Seal**, **Mactac**, **Avery** and **dtec**
- Full demonstration facilities giving the opportunity for hands on trials, operator and applications training
- Expert know-how, experience and technical support unparalleled in the graphic display industry

 Robert Horne Group

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## Digital Solutions

- New Digital Solutions business started July '05
- Demonstration suite established August '05
- Specialists recruited October - December '05
- Strong initial sales growth in 2006
- Full roll-out across Sign & Display and Commercial Print 2006/7

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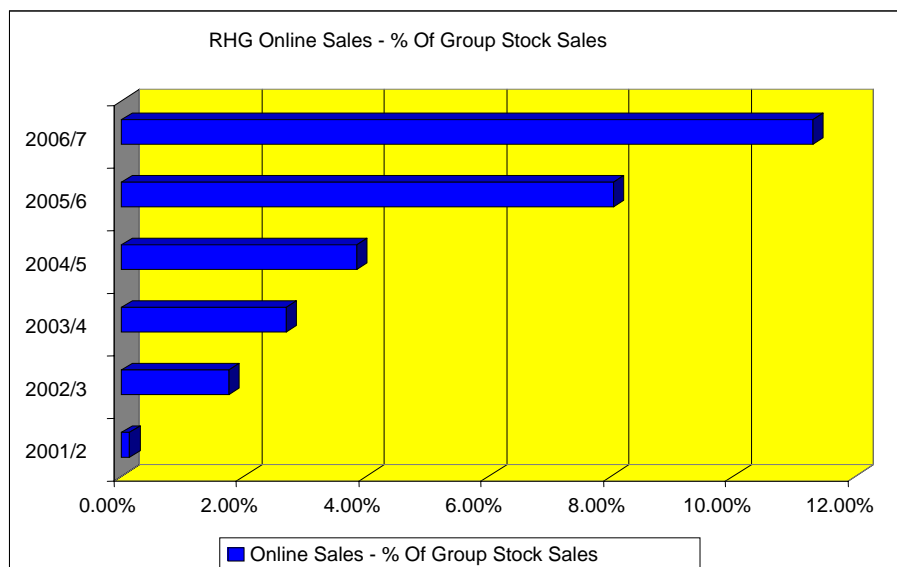
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Welcome to  
Howard Smith Paper Group  
Malcolm Lane-Ley – Managing Director  
28<sup>th</sup> November 2006



## The Howard Smith Paper Group

Founded	1958
Volume	350,000 tonnes
Turnover	£ 235 million
Customers	4000
Suppliers	195
Strategic Suppliers	10 (81% of purchases)
Employees (FTE)	350
Warehouse	Central 10,000m <sup>2</sup> Regional (6) 8200m <sup>2</sup>
Warehouse Capacity – Main	48000 pallets 35000 tonnes
SKU'S	4000
Regional Sales Offices	15
Business Units	5

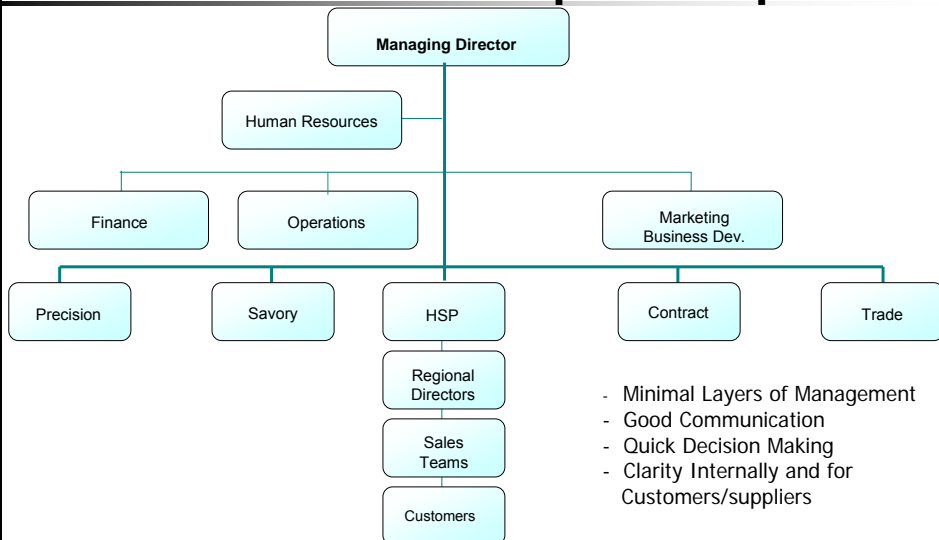


# Howard Smith Paper Group

- Divisionalised and customer segmented sales and distribution business
- 5 clearly defined sales divisions to focus on customers
  - Separate support functions at centre
- Centralised low cost to serve dark warehouse to support stock sales
- Customers served predominantly on a next day basis through hub and spoke system of distribution
- Clear position within PaperlinX UK – The 'Hardhat' – Site Manager not the Labourer!
  - Narrow and deep
  - Simple to use
  - Low cost in use
  - Never need to say we're out of stock
  - No fuss reliable volume supplier
  - Finding the most efficient processes between paper machine and finished print



# Howard Smith Paper Group



## Major opportunities for HSPG

- Polarisation of the UK marketplace
  - core capability of low cost to serve warehouse suits large, urgently required orders
  - well placed to serve F.M's
  - corporate sales teams chase the new decision makers
- Growth in HSWO and Heidelberg cutstar market
  - we're market leaders in coated paper reels
- Capitalising on PaperlinX's International supply position
  - appeal to International customers
  - well proven model in place for Publishing
- Growth in non-food product sales by supermarkets- Tesco, Asda
  - boom in home print output



## Major opportunities for HSPG

- Service improvements and lower cost to serve created by Delivery Company operation
- New ASW/IBS computer roll out 2007 to generate efficiencies in processing, M.I.S and create value through C.R.M module
- Strategic sourcing reinforcing alignment with sustainable partners to ensure unhindered growth
  - loss of Sittingbourne for Premier paper
  - loss of Townsend Hook for Denmaur
- Disarray in major competitors - plenty to go for!
  - Antalis
  - MAP merchants



## The Howard Smith Paper Group



- **Customer Focus**
  - Segmented customers served by Business paper and Commercial print teams
  - Extensive customer facing by senior management
- **Management structure**
  - flat for agility in decision and communication
  - local autonomy
- **Products all designed for low cost in use e.g: Regency**



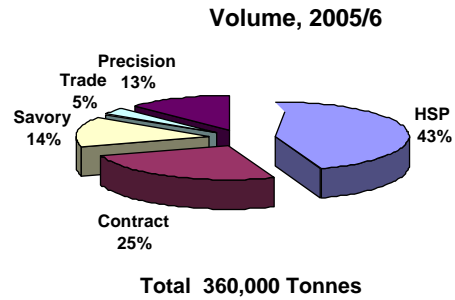
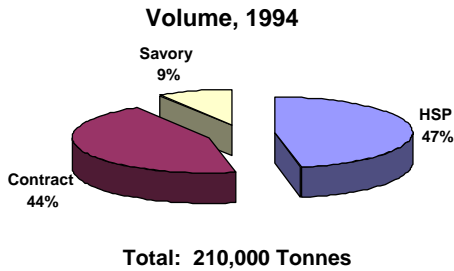
## The Howard Smith Paper Group Business Units

	No. of Employees	% of Group Volume
<b>HOWARD SMITH PAPER LTD</b> Stockist Paper Merchant – 65% stock/35% indent	249	43%
<b>CONTRACT PAPER LTD</b> Web Printers – 100% indent	16	25%
<b>SAVORY PAPER LTD</b> Business Forms – 80% Indent/20% Stock	16	14%
<b>PRECISION PUBLISHING LTD</b> Publishing books and magazines – 100% Indent	24	13%
<b>TRADE PAPER LTD</b> Specialist supplier to the retail trade	45	5%



# The Howard Smith Paper Group

## Volume, split by business unit



## Howard Smith Paper



- Key operating business
- Stockist paper merchant
- 65% stock / 35% indent
- 24 Hours, 5 Days/week operation
- 24 hour emergency hotline
- Automated facilities have allowed substantial and sustained, cost effective, growth.
- Automated systems ensure accuracy/reliability of deliveries (99.8% recorded)
- 150,000 tonnes



## Contract Paper

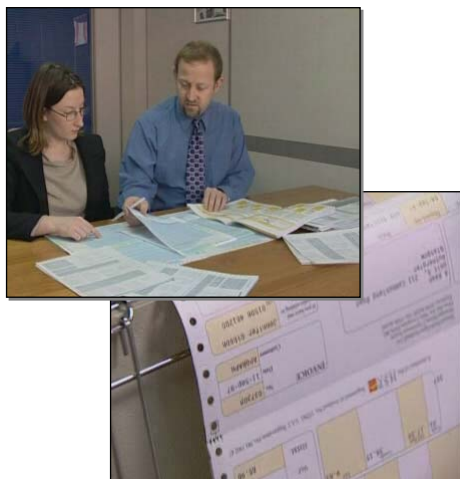


**Contract Paper are the UK's foremost web offset paper merchant.**

- 100% indent
- Key supplier is Sappi, for which Contract act as the primary UK sales outlet
- Market leading 24 hour mill stock deliveries - Blackburn
- Contract supply the majority of the UK's web presses
- Technical sales support
- 88,000 tonnes



## Savory Paper



**Savory sell specialist grades:**

- Continuous stationery
- Direct mail
- Envelope papers
- Thermal grades
- Carbonless
- 80% indent / 20% stock
- 49,000 tonnes



## Precision Publishing Papers



### Precision sell paper to publishers.

- Either who wish to buy paper themselves, or who wish to specify grades to their printers.
- Precision's Paper Management system creates high customer loyalty and improved margins. (42% of total sales)
- Large international accounts are handled through Precision in conjunction with PaperlinX international divisions e.g. Deutsche Papier, and Spicers Singapore



## Trade Paper



### Trade Paper have a unique position as a UK retail supplier.

- Supplying OEM grades under licence: IBM, Fuji
- Producing own label ink jet products for leading UK and European retailers.
- Sourcing and packing for third parties.
- New automated packing line
- Offering a complete design and retail consultation service.



End



# Trade Paper

28<sup>th</sup> November 2006

Phil Dunmore - MD



*The key to our strategy is flexibility - if it can be done.....we will do it*



# Market Information



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## European Paper Market

- Sophisticated
  - World showcase via Cebit, Photokina, Paper World etc.
- Incestuous
  - Paper/Ink etc. - Limited number of major players at mill level/ink manufacturer
- Elitist
  - Perception of importance of stylised packaging/technical awareness
- Mature
  - Well-defined routes to market
- Volatile
  - Instant maturity, access, media tolerant printers



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## European Inkjet Market

- All consumables (paper, film and ink)  
£5 billion
- Ink = 80%  
therefore paper and film = £1 billion
- Approx. 35% of value is photo paper  
£350m



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## UK Digital Use

UK households = 26 million (Office of National Stats)

- 56% (2004/5) own a computer = 14.5 million
- 70% of computer owners have a printer = 10.1 million
- 80% of printers are inkjet = 8.1 million
- 85% of inkjet printers are colour capable = 6.9 million



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## Macro Market Concerns

- Overcapacity
  - 300% supply to demand
- Margin erosion
  - too many links
  - buyer awareness
  - supplier tactics
- High costs
  - over-manning
  - lack of volume replacement



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## Market Drivers - Digital Cameras

- End user accustomed to home printing – growth of home office.

Digital camera sales

- 2003 - **11 million** units sold
- 2007 - **24 million** units forecast

Unit price falling/quality rising

- 2000 = approx. £400
- 2004 = approx. £240
- 2007 = approx. £200



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## Market Drivers - Digital Cameras

- UK largest ratio of population to digital camera owners
- UK gadget enthusiasts
- Germany largest total digital camera owners
- Netherlands higher ratio than Germany
- France probable fastest growing area for 2004/5



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## Market Drivers - Other

- Arts & Craft is developing into a huge market. blank cards & envelopes and handmade papers are a natural addition to our core range
- Crucial to monitor technology, as it becomes more intelligent and affordable, the more end users want it
- Growing environmental responsibility
- Huge choice



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## Market Developments

- Increase in A6 prints
- Multi-quantity packs  
From 10 sheets – 200 sheets
- Packaging options  
Carton, bag-wrap, ream, insertion
- Sub-contract conversion
- Digital sub-sector developments – fine art papers, business graphics



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## Market developments - supply

- 1<sup>st</sup> World
  - Maturity
  - High sunk costs
  - Inflexible
- New Asian low cost supply chains
  - TPL early access
  - Chain management
  - Very significant short to medium term raw material cost benefits



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## Market Opportunities

- Digital photographic growth
  - selective printing is actually a key advantage
  - 20 million p.a. by 2007 (1997 almost nothing)
  - A6 and smaller focus
- Fade resistant media
  - pigment inks
  - NEW papers with new coatings
- Traditional photographic market
  - digital acceptance
- Environmental range – commercial and responsible



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## European Digital Media - key numbers

- 2003      Tot. packs      A4                      A6  
                 92m                      80m (87%)      12 m (13%)
- 2005      126m                      95m (75%)      31m (25%)



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## How Trade Paper can help



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## We Understand Retail

It is the most demanding channel to supply, with unreasonable deadlines and ever changing requirements

***INNOVATION - SUPPORT - REACTION***  
***is crucial to maintain customer loyalty***

With changes from day to day, retail reacts to both end user requirements and new technology developments

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## We Understand Paper

That's why our customers rely on us for more than just a standard A4 sheet:

- **Cut size Bulk Papers**
- **Photographic Inkjet Paper**
- **Business Stationery** ~ Letterheads, CD labelling kits, OHP transparencies, labels, business cards,
- **Creative & Craft** ~ Handmade paper, colour paper, card & envelopes for art and craft projects
- **Added Value Products** ~ T-shirt transfers, jigsaws, tattoo, window films & much more

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## We Focus On Quality

- Priority consideration when handling paper
- From receipt, to production to finished product in storage
- Complete traceability & accountability
- Continuous on-line quality checks for raw material & finished packs
- Signed off line samples



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## Trade Paper is Unique

- In-house design, Sourcing, Manufacture
- Superb history of supply
- Customer service is our entire focus
- Comprehensive understanding of the retail market
- Meeting demands in terms of packaging, pricing and delivery
- Strict quality procedures
- Highly trained personnel



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## Trade Paper Ranges

- We specialise in creating own label packaging for our retail customer, predominantly selling paper
- Trade Paper is proud to be the retail partner for Fuji Inkjet Paper – see next slide for range
- As category experts we can also distribute third party brands and sometimes products that are not obviously sourced by a paper company
- Media – is our house brand which offers flexibility for new product listing



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## The Fuji Range



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## Support ....goes without saying

- **Forecasting** – we work with our customers to help create accurate forecasts which will make sure that there is always plenty of stock.
- **Marketing/Promotion & New Product Development** - Trade Paper are always thinking of ways to help the customer sell more, whether it be through promotions or capturing the market with new products



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## Support ....goes without saying

- **Design Service**  
We specialise in consumer targeted retail packs – and particularly **Own Label** ranges. We also have an enviable range of Brands within our product portfolio including **Fuji**,  
We also have our own in-house generic brand **Media** – which can offer the ultimate in flexibility, allowing our customers to trial new product ideas without needing to commit to large packaging runs or stockholdings.



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## Support ....goes without saying Merchandising solutions and Planograms

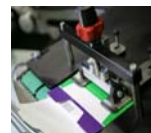
We know that customers need to maximise their space and we try to help by suggesting different methods of displaying products. We can help design Free Standing Display Units (FSDU) and Counter Top Display Units (CDUs) or we can go to the customer and actually devise planograms of where the products should go on the shelf to make best use of the space



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## Production Facility

- The world's most sophisticated automated production facility, packing A4 & small format photo inkjet paper
- Features feeders, baggers & cartonner, offering total flexibility to fulfil customers requirements
- The line has been designed with total flexibility & focus on the quality of finished products

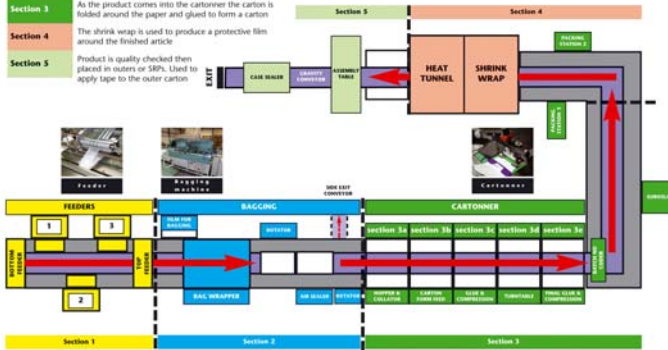


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- Section 1** Paper is fed through the feeders and onto a conveyor
- Section 2** The bagging machine is primarily used for wrapping the product in a re-sealable or sealed bag
- Section 3** As the product comes into the cartoner the carton is folded around the paper and glued to form a carton
- Section 4** The shrink wrap is used to produce a protective film around the finished article
- Section 5** Product is quality checked then placed in outers or SBPs. Used to apply tape to the outer carton

**Health & Safety Guidelines**  
Please be aware that you are visiting a working area and as such these guidelines are advised for your safety. If you are unsure at any stage, please ask a member of staff and follow any instructions given.

1. Follow visitors' safety gangways through workrooms, indicated by red floor marking.
2. High visibility armbands should be worn at all times and these will be supplied.
3. Do not cross the yellow line in the production facility, unless escorted by an operator.
4. Ear plugs are available and must be worn near feeder sections at the production line.
5. Ear plugs are available and must be worn near feeder sections at the production line.
6. The premises are accessed by key fobs and security codes, so please stay with the group at all times.



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## Capacity

- Single Shift
  - approx 5.2M packs p.a.
- Single Shift + Twilight Shift
  - equivalent to another half shift
  - approx 7.8M packs p.a.
- Double Shift Operation
  - approx 11M packs p.a.
- Three Shift Operation
  - approx 17M packs p.a.



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# Retail Customers

Including:



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# Trade Paper Retail Activity



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## Trade Paper Market Share

- TPL owns 10% of UK pack volume market share providing 1.8 million of the 18.4 million
- TPL owns 2% of total European market providing 2 million of the 92 million total European volume
- TPL has packs for sale in approximately 50% of UK retail outlets and exposure in many potential stores



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Any Questions?



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