



# **Annual General Meeting**

26 October 2004



# Annual General Meeting

**Chairman – David Meiklejohn**

# A 'young' Company with a long history

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- Spicers Paper - 350 years
- PaperlinX Europe - 260 years
- Australian Paper - 150 years

# Agenda

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- Results for 2004
- Extension of business platform into Europe
- Corporate governance and sustainability
- September quarter results
- Outlook

# Review of 2004

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- Acquisition of Buhrmann's paper merchandising division
  - Key strategic step
  - Global fine paper merchant platform
  - Unique opportunities
- 2004 result disappointing
  - Depressed international paper prices
  - Weak global paper demand
  - Currency impacts
- Australian Paper severely impacted

# Review of 2004

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- PaperlinX fine paper merchants performed well
- Strong cash flow
- Dividend maintained
- Solid shareholder returns

# The Extended Business Platform

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- PaperlinX Europe established
- Global platform improves competitive position
- Final cost for Buhrmann's paper merchandising division was €667 million (A\$1.1 billion)
- Excellent integration

# Corporate Governance

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- Strong commitment to best practice
- Safety and Environment Board Committee established
- Extensive remuneration disclosure
- Board committed to governance and strategic direction

# Sustainability

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- PaperlinX sustainability charter
- Rising societal expectations
- Continuous improvement
- Committed to continued progress

# September Quarter and Outlook

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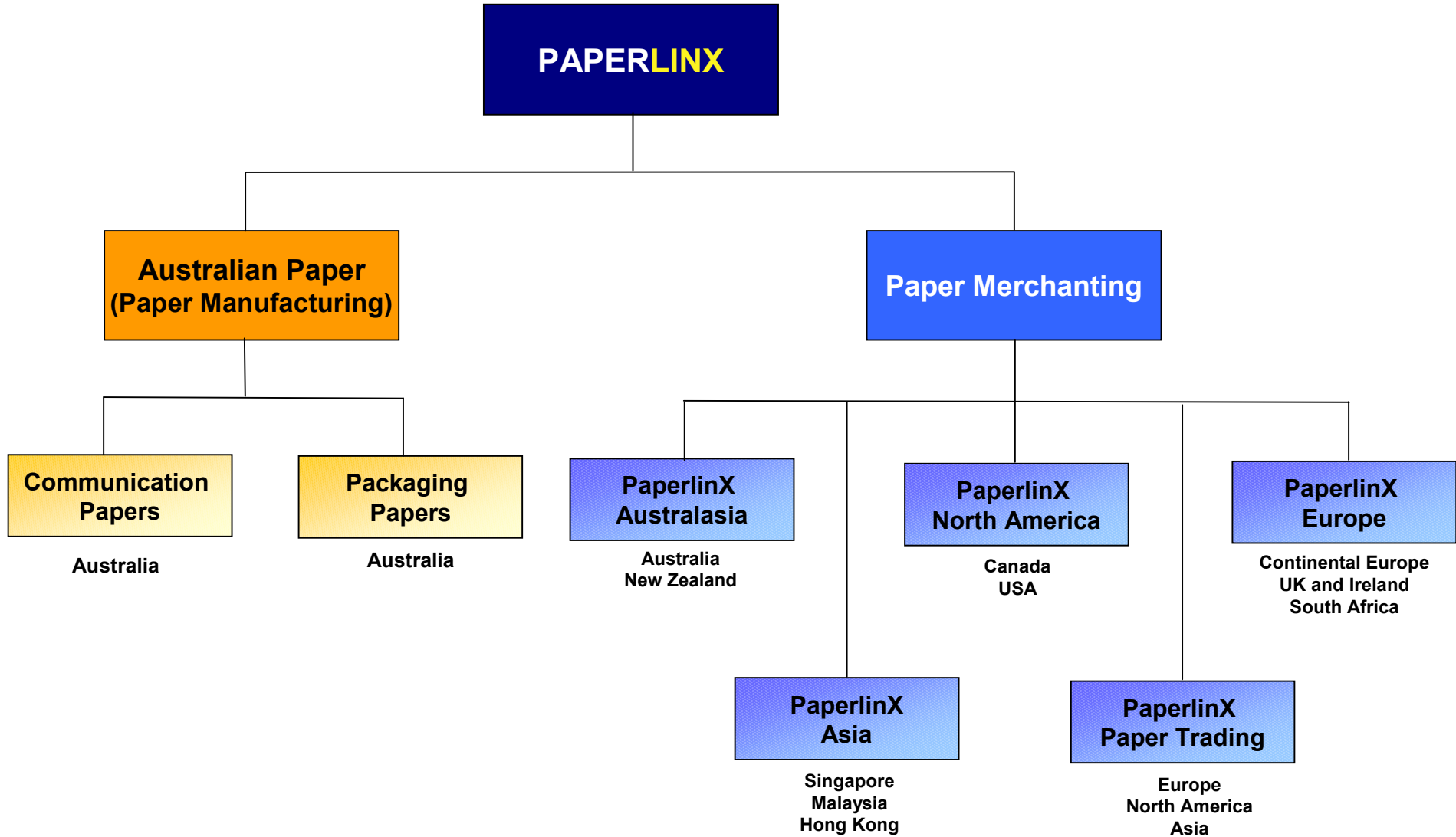
- September quarter operating profit up on same quarter last year
- Higher borrowing costs and changed earnings profile
- Full year expectations unchanged – improving underlying trends
- Global pick up in demand to underpin sustainable paper price rises
- Stronger second half expected
- Merchants results strengthening



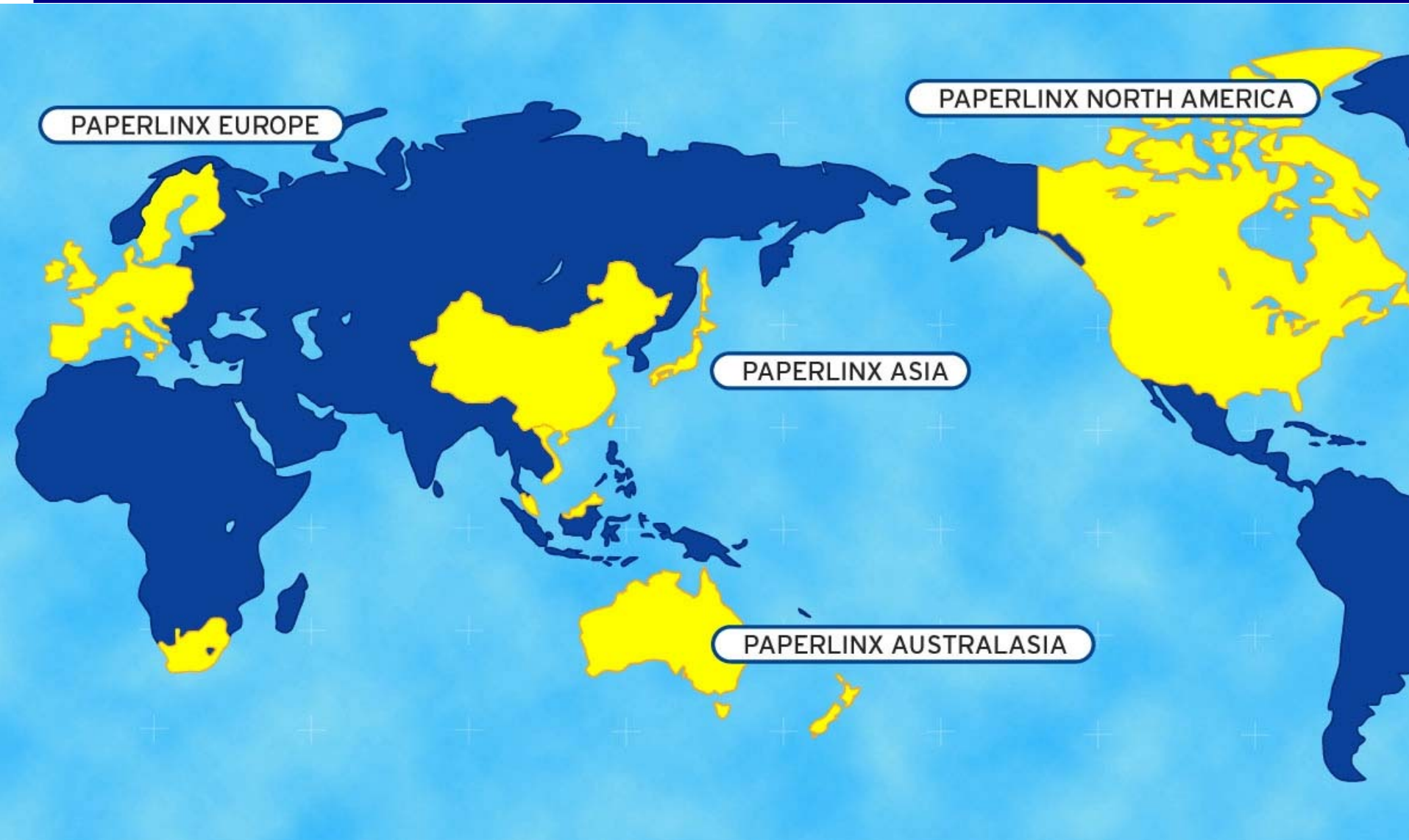
# Annual General Meeting

**Managing Director – Tom Park**

# PaperlinX Global Platform



# PaperlinX



# PaperlinX

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- Key priority is to improve returns
- Meetings with customers, suppliers and employees
- 2004 not reflective of hard work and progress

# Key Influences in 2004

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- Weak international paper demand
- Low international paper selling prices
- Strong Australian dollar

# Sack Kraft

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- Changed market expectations
- Reduced volume and selling price
- Rebuild of Maryvale Number 1 paper machine announced
- Completion due September quarter 2005

# Acquisitions

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- Buhrmann's paper merchandising division
  - met operating profit target
  - exceeded earnings per share target
- The Paper Company
  - achieved year 3 target return one year early
- Driven by PaperlinX core processes and strong local customer relationships

# European Integration

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- Focus on realising benefits
- Integrated reporting systems and management processes
- Synergies on target
- Structural benefits

# 2004 Accomplishments

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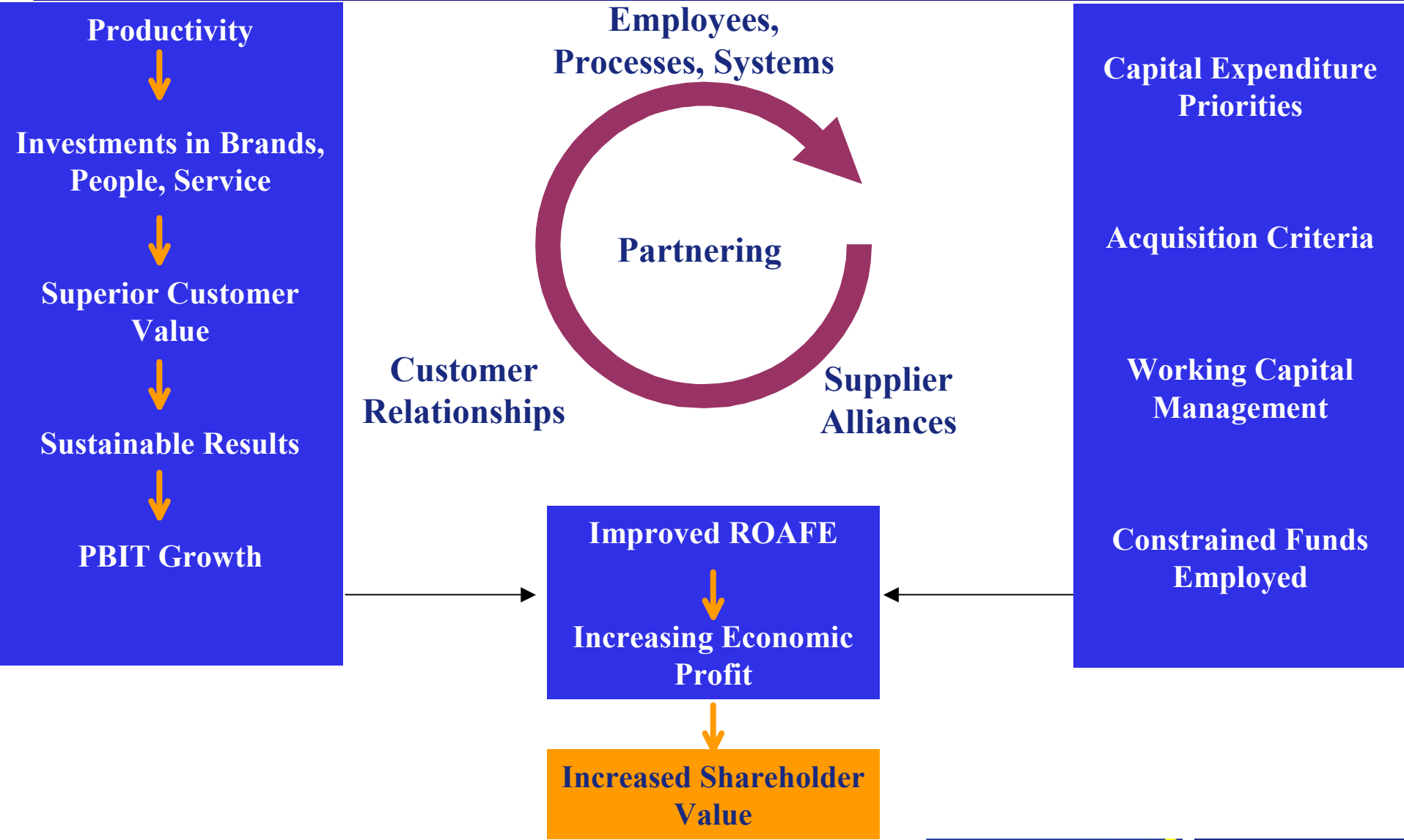
- Improved balance to earnings
- Acquired ex-Buhrmann Merchants
  - Performing strongly
  - Exceeded EPS targets (8 months)
  - Synergies on track
  - Integration operationally complete
- The Paper Company ahead of plan
- Sack kraft issues addressed

# Core Operating Principles

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- Focus resources on strengthening existing businesses
- Productivity to provide funds to improve sustainability and growth
- Actively prioritise activities based on value creation for customers, suppliers and PaperlinX
- Fully leverage our global opportunities
- Invest in our people and their skills
- Compliance is mandatory
- Results oriented teamwork/success as a team

# Shareholder Value Model



# The Future

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## Australian Paper

- Invest productivity savings
  - Product quality
  - Branding
  - Manufacturing process improvements
- Improving global trends

## Merchanting

- Network of local merchants
- Global scale
- Solid profit outlook

# Conclusion

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Business platform established

Clear operating principles

Disciplined model for value creation

Leading international paper company

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