2012 Full Year Results - Analyst Briefing

22nd August 2012

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PaperlinX financial results are reported under International Financial Reporting Standards (IFRS). This presentation also includes certain non-IFRS measures including underlying statutory profit / (loss) after tax, underlying Earnings Before Interest and Tax (EBIT), continuing underlying EBIT, discontinued underlying EBIT and constant currency. These measures are presented to enable understanding of the underlying performance of the Company without non-trading items. Non-IFRS measures have not been subject to audit or review. The non-IFRS measures used throughout this document are defined in the appendix.

Key messages

1. Implementation of strategic review has delivered cash for:
    - Restructuring
    - Improved facility headroom
    - Paying down debt

2. Drive costs out of the traditional paper business and improve performance

3. Drive diversified growth

Financial results summary

- Statutory loss after tax of $(266.7)m vs prior of $(108.0)m
- Underlying EBIT[(1)] of $(19.2)m vs prior of $17.4m largely due to losses in Continental Europe
- Significant charges totalling $(212.3)m vs prior of $(100.1)m, includes second half non-current asset impairment of $86.5m
- Significant cash being generated through asset sales and currency option close-out
- Reduced net debt of $148m vs prior of $172m with further reduction of $90m in FY13 from announced asset sales

(1) Non-IFRS measure

Restructuring

- Costs of $45m will generate $73m of annualised benefits by 2014
- Restructuring complete in Australia and Corporate
- Expanded programme underway in Europe
- Changes in CEO, new CFO, streamlined executive team

Responding to structural decline in paper

- Cost reduction
  - Operational consolidation – warehouses, sales branches
  - Productivity and efficiency initiatives – telephone account management, telematic vehicle monitoring

- Margin improvement
  - Exiting loss making customers
  - Product range restructuring

- Redirecting resources from traditional paper to diversified

Growing our diversified business

- Leverage diversified expertise to secure opportunities in our markets
- Leverage our logistics platform – lower costs compared to typical packaging and Sign & Display competitors
- Target high margin fragmented sectors – packaging, Sign & Display

- Sell more products to existing customers
- Penetrate new markets
- Mainly organic growth and targeted small scale acquisitions e.g. Canterbury Packaging New Zealand

Results overview

2012 financial results

		June 12	June 11	% change
Volume	000 tonnes	**2,448**	2,631	(7)
Sales revenue	$m	**4,113**	4,670	(12)
Sales revenue - constant currency	$m	**4,392**	4,670	(6)
Average selling price	$ / tonne	**1,680**	1,775	(5)
Average selling price - constant currency	$ / tonne	**1,794**	1,775	1
Continuing underlying EBIT (1)	$m	**(27.2)**	0.3	
Group underlying EBIT (1)	$m	**(19.2)**	17.4	
Underlying loss after tax (1)	$m	**(54.4)**	(7.9)	
Statutory loss after tax	$m	**(266.7)**	(108.0)	

(1) Non-IFRS measure

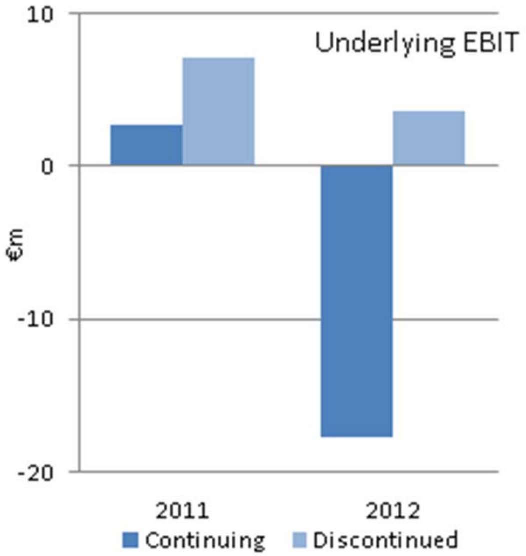
Results summary

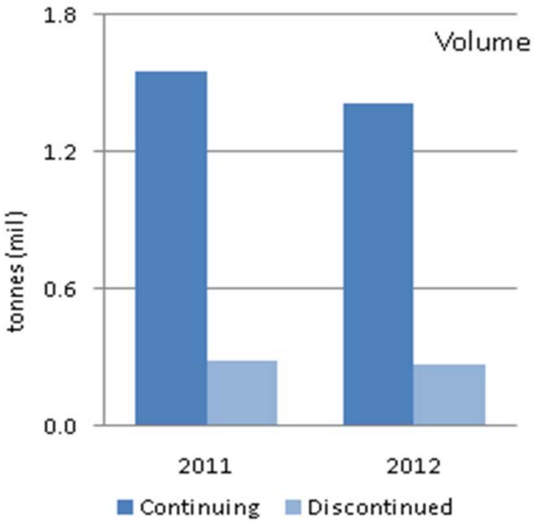
Continuing underlying EBIT(1) before corporate costs:

	2012	2011
Europe	€(17.8)m	€2.5m
ANZA	A$10.9m	A$11.4m
Canada	US$8.4m	US$6.0m

(1) Non-IFRS measure

Europe





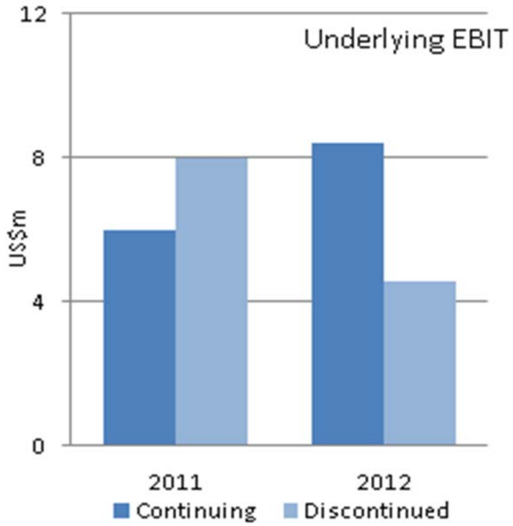
Continuing:

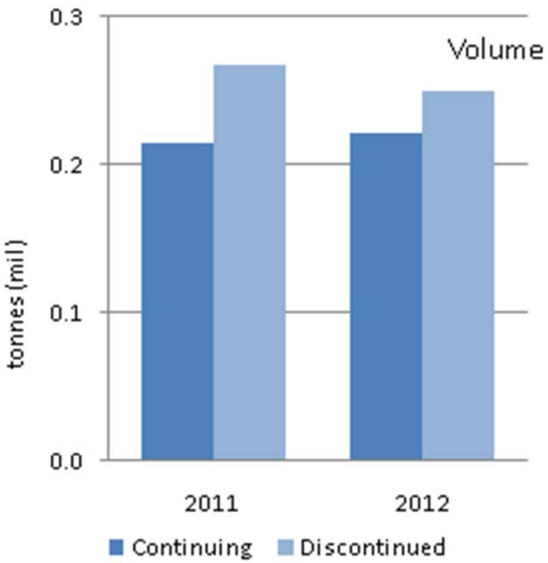
- Underlying EBIT loss €(17.8)m vs profit €2.5m pcp
- Structural decline in paper continues with market declines varying by country but averaging circa 5%
- Some loss of market share partly due to withdrawal from low margin and high cash requirement business
- Significant UK restructuring achieved with benefits ahead of plan – single operational structure with shared services
- Key loss making activities in Netherlands and Germany being addressed by restructuring programme

Discontinued:

- Underlying EBIT of €3.5m vs €7.0m pcp
- Includes Croatia, Hungary, Italy, Serbia, Slovakia, Slovenia and South African operations

North America





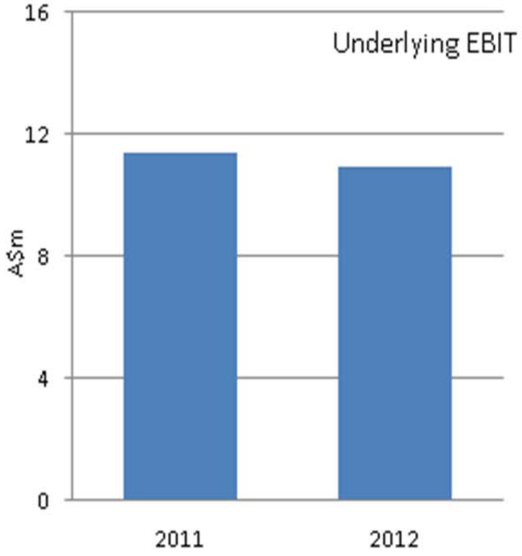
Continuing:

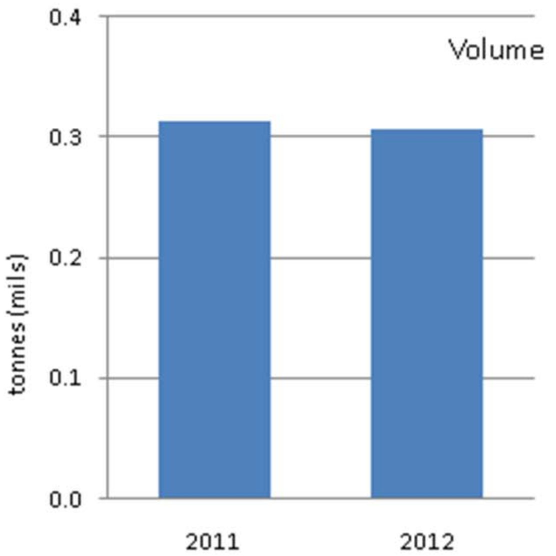
- Represents Canadian operations
- Underlying EBIT of US$8.4m vs US$6.0m pcp
- Successful large account acquisition programme
- Brand consolidation programme to “Spicers” enabled operational consolidation and expense reduction
- Growth in diversified segments

Discontinued:

- Underlying EBIT of US$4.6m versus US$8.0m pcp
- Includes all US operations

Australia, New Zealand, Asia





- Underlying EBIT of $10.9m vs $11.4m pcp
- Overall volumes down 2% but Australia down >10%
- Strong margin and expense control in Australia and New Zealand substantially offset volume decline
- Asia selling prices and margins under pressure offset by strong expense control
- Diversified revenue in Sign and Display up from a small base
- Brand consolidation programme to “Spicers” enabled simpler approach to market
- Australian restructuring complete

Interim CEO – imperatives

Utilise the cash and improved balance sheet to:

- Execute cost reduction and restructuring plan - deliver benefits
- Drive performance improvement in paper business – product range restructuring, margin optimisation
- Drive diversification growth particularly in packaging to provide an offset to the decline in paper
- Specifically address the underperforming businesses in Continental Europe

Financial results

Financial summary

		June 12	June 11	% change
Volume	000 tonnes	**2,448**	2,631	(7)
Sales revenue	$m	**4,113**	4,670	(12)
Continuing underlying EBIT	$m	**(27.2)**	0.3	
Discontinued underlying EBIT	$m	**8.0**	17.1	
Underlying EBIT	$m	**(19.2)**	17.4	
Statutory loss after tax	$m	**(266.7)**	(108.0)	
Working capital	$m	**479**	641	25
Operating cashflow	$m	**(62)**	55	
Net debt	$m	**148**	172	14
Avg daily net debt	$m	**368**	n/a	
NTA per share	cents	**6**	27	(78)
Gross profit / sales	%	**19.5**	19.8	(30) bpts
Expense / sales	%	**19.9**	19.4	(50) bpts

Underlying EBIT reconciliation

$m	June 12	June 11
Continuing underlying EBIT	**(27.2)**	0.3
Discontinued underlying EBIT	**8.0**	17.1
Underlying EBIT (1)	**(19.2)**	17.4
Interest expense	**(18.3)**	(18.9)
Tax expense - pre significant items	**(16.9)**	(6.4)
Underlying loss after tax (1)	**(54.4)**	(7.9)
Adjust for significant items post tax		
Loss on sale of Italy and US operations	**(62.4)**	-
Impairment of non current assets	**(125.9)**	(68.5)
Restructuring costs	**(28.4)**	(17.6)
Other (2)	**4.4**	(14.0)
Statutory loss after tax	**(266.7)**	(108.0)

(1) Non-IFRS measure

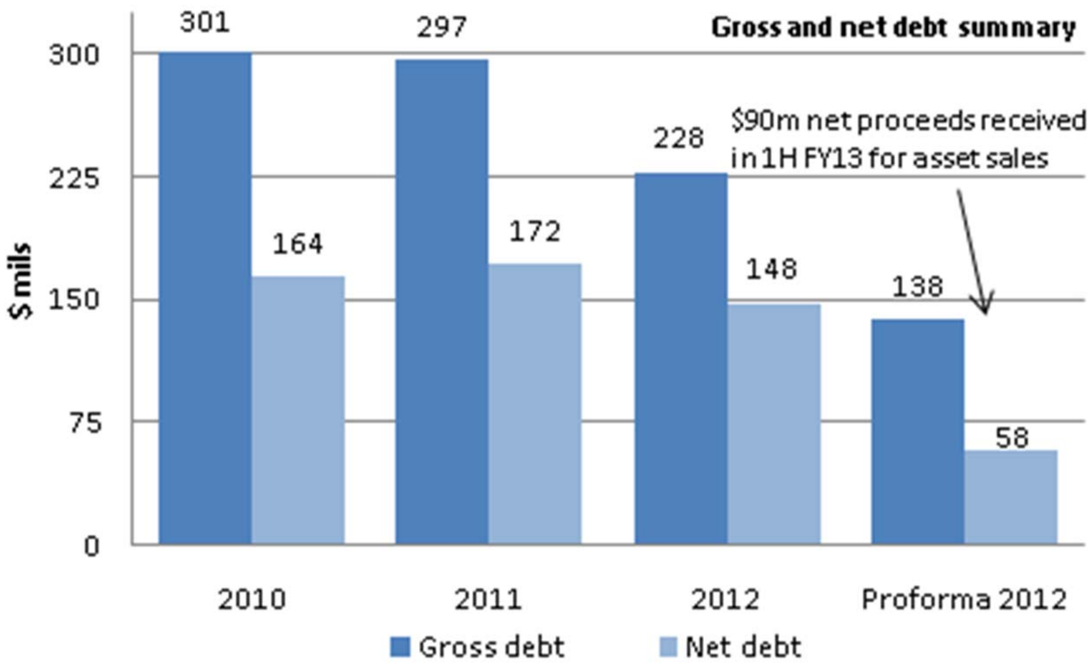
(2) Includes Tasmanian closure costs, currency option and Australian Paper sale adjustments

Cash flow

$m	June 12	June 11
Operating cash flow excl working capital	**(35)**	(8)
Working capital movement	**(27)**	63
Operating cash flow	**(62)**	55
Capital expenditure	**(14)**	(18)
Proceeds from sale of asset / investment	**-**	10
Borrowing costs paid	**-**	(1)
Distributions SPS	**-**	(21)
Tas Paper closure	**(6)**	(32)
Currency option / CF hedges	**39**	(4)
Net cash flow - net debt basis	**(43)**	(11)

- Negative operating cash flow excluding working capital, primarily due to deterioration in Continental European results
- Currency option close-out generated $39m to improve liquidity
- Asset sale proceeds for US and Italy disposals received in July

Debt summary



- Net cash proceeds from Italian and US asset sales of $56m received in July 2012 with a further $7m to follow. Proceeds from CEE and South Africa asset sales of $27m expected in FY13
- June 2012 net debt reduced by $50m for Italy and US debt repayment and proceeds from the currency option

Debt & interest expense

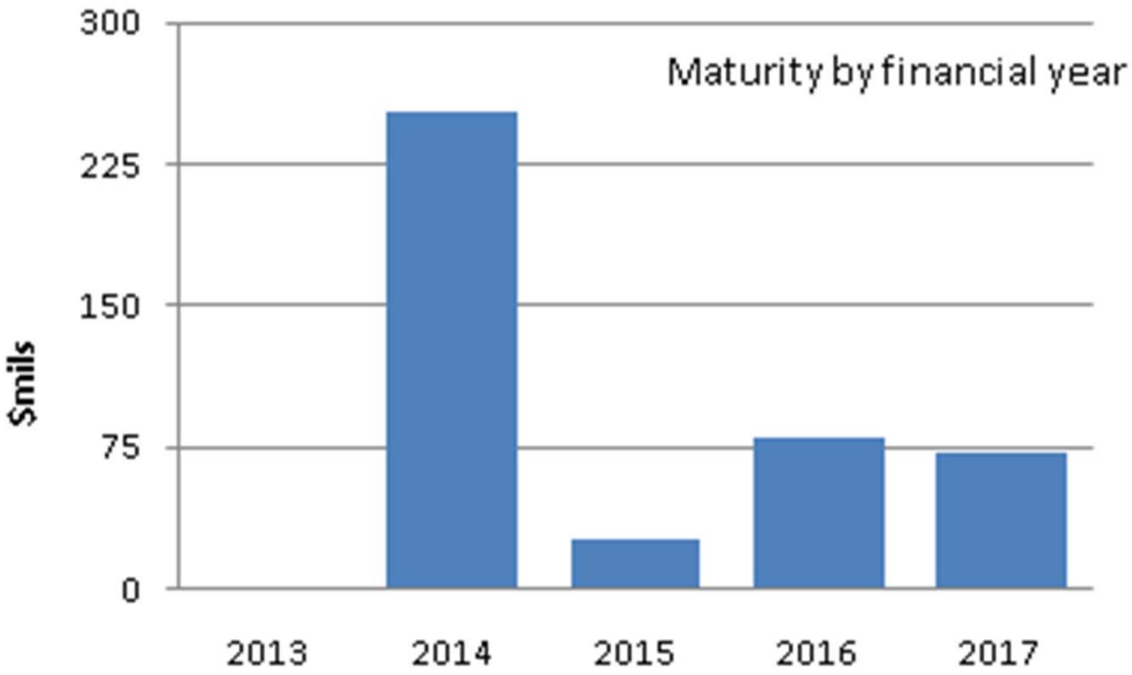
Debt as at		June 12 Proforma (1)	June 12	Dec 11	June 11
Gross debt	$m	**138**	**228**	330	297
Cash	$m	**80**	**80**	116	125
Net debt	$m	**58**	**148**	214	172
Avg daily gross debt	$m		**400**	405	n/a
Avg daily net debt	$m		**370**	370	n/a

Interest		June 12	June 11
Cash interest on bank debt	$m	**16.5**	16.9
Non-cash interest	$m	**1.8**	2.0
Net interest expense	$m	**18.3**	18.9

(1) Includes the impact of $90m proceeds from sale of Italy, US, South Africa and Central Europe

- Cash held at month end is committed to payment of key suppliers on the first business day following reporting period end
- Debt increases from month end due to supplier payment cycle. Intra-month peak is around 20th of month. Debt reduces at month end due to customers receipts
- Consequently, average daily net debt for FY12 was $370m
- Following announced disposals, cash interest on bank debt is estimated at $11-13m p.a.

Facilities profile & headroom



- Headroom in European borrowings increased due to asset disposals
- Facilities are regionally based with no cross default
- Weighted average life of working capital facilities has increased to 2.4 years from 2.1 years at June 2011

Restructuring update

Pre-tax A$m	FY11	FY12	FY13	FY14	Total
Costs in year					
Australia	(1.8)	(0.8)			
Europe	(8.6)	(27.9)	(1.7)		
North America		(1.5)			
Corporate	(1.5)	(1.0)			
Total	**(11.8)**	**(31.1)**	**(1.7)**	**-**	**(44.6)**
Benefits					
Australia		2.0	3.1	3.4	
Europe		12.1	40.4	59.8	
North America		1.3	4.3	4.3	
Corporate		1.5	5.1	5.2	
Total	**-**	**16.9**	**53.0**	**72.8**	

	Total cost	FY14 benefit
Previously announced	41	61
Latest forecast	45	73
Variance	**(4)**	**12**

- Program expanded delivering increased savings and excludes Italy
- From FY14 ongoing annual benefits $73m for cost of $45m
- Cash spend in FY13 and FY14 is expected to be $27.7m

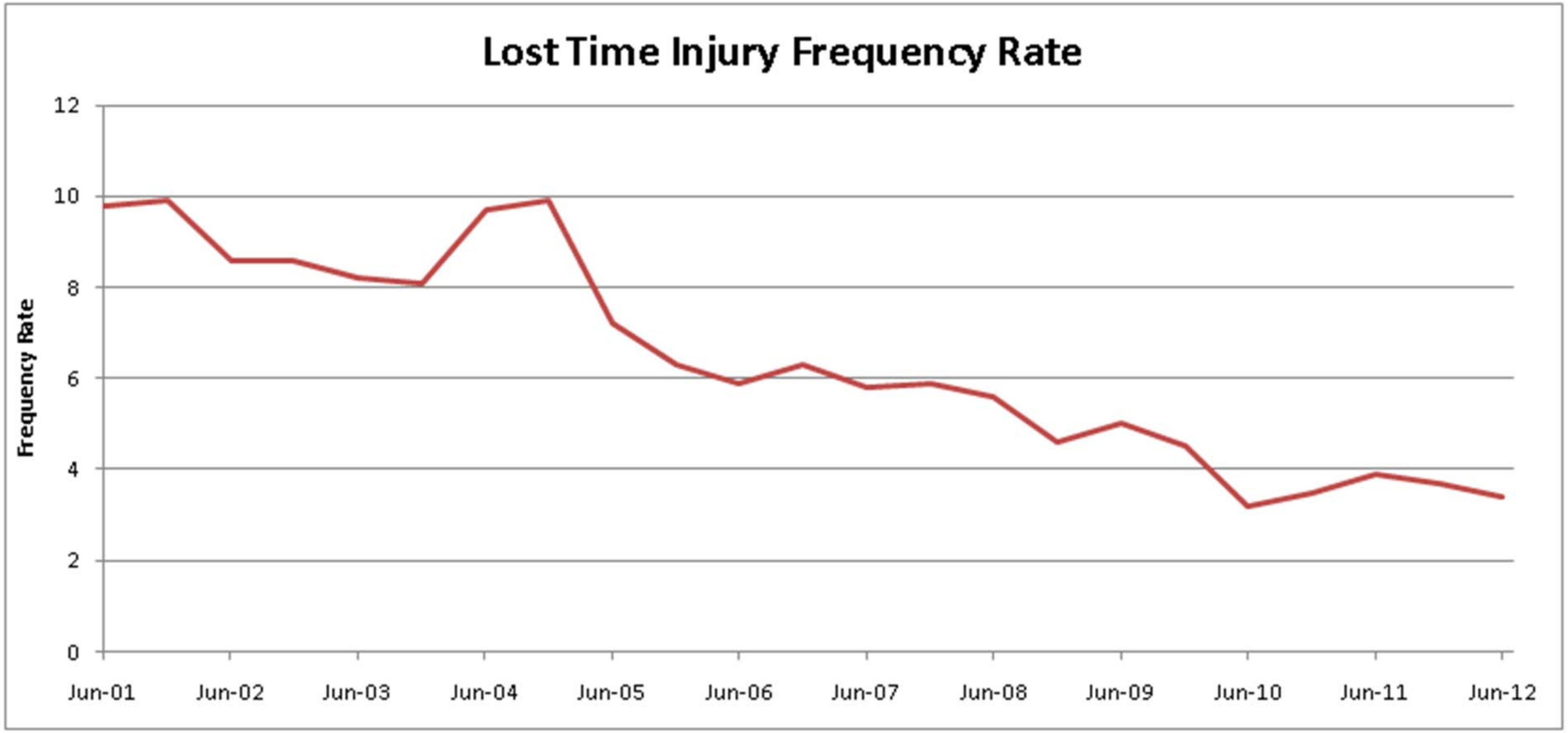
Summary

- Asset sales provided cash and strengthened balance sheet
- Operating results severely impacted by ongoing European economic crisis and continuing structural decline in paper
- Clear plan for major restructuring, cost reduction and addressing underperforming businesses in Continental Europe
- Reallocate resources to drive growth in diversified areas

Questions

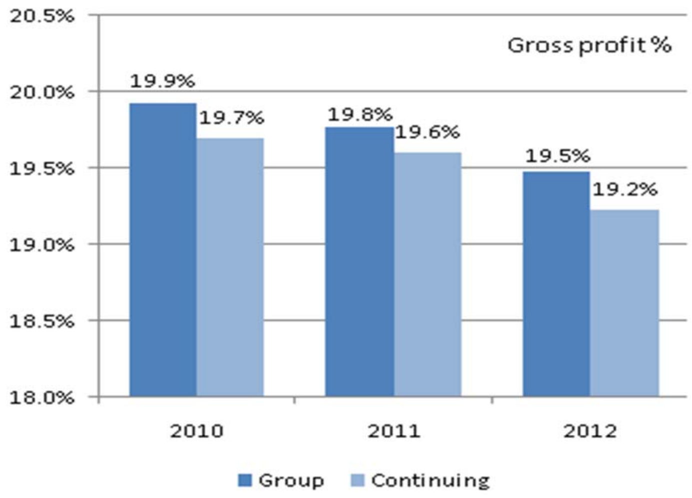
Appendix

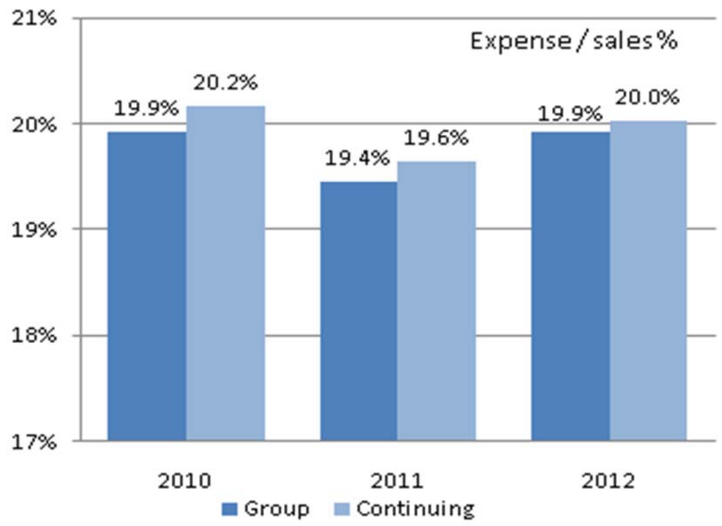
Safety

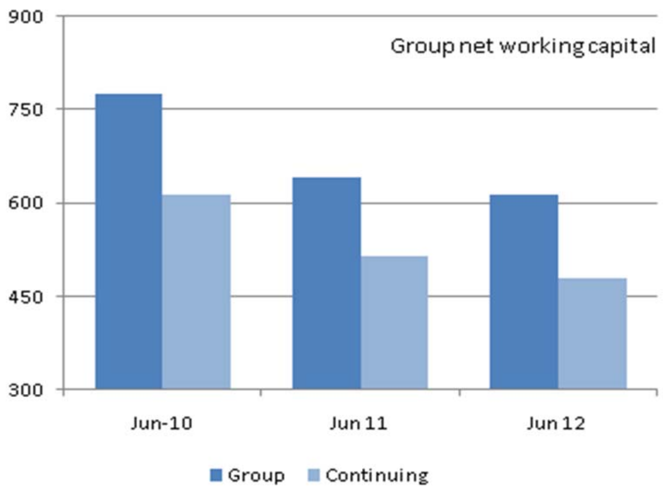


The Lost Time Injury Frequency Rate decreased from 3.9 to 3.4 and the Medically Treated Injury Frequency Rate decreased from 7.7 to 5.9. The number of Lost Time Injuries was 14% fewer.

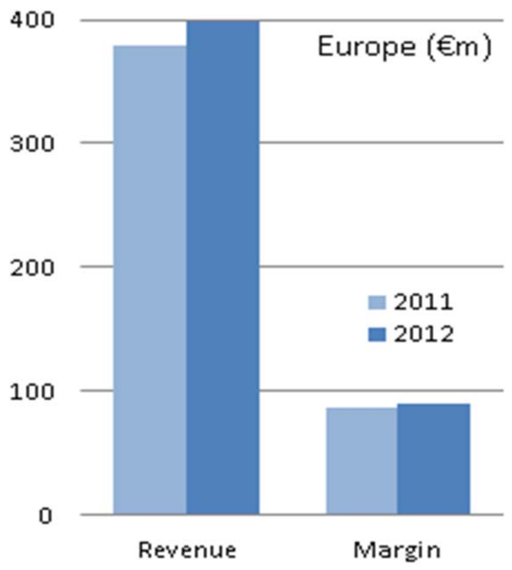
Scorecard

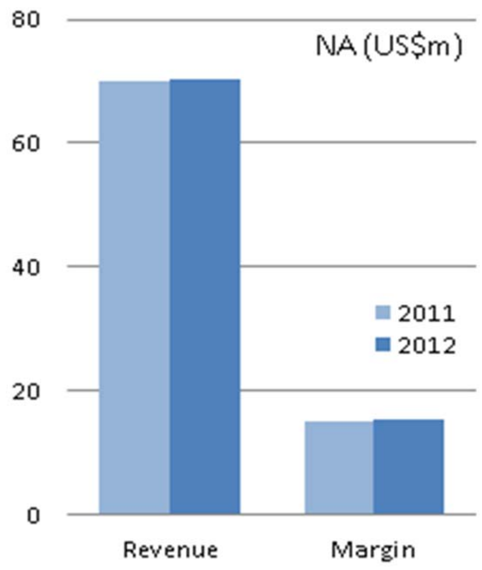

Gross profit %
20.5%
20.0%
19.5%
19.0%
18.5%
18.0%
19.9%
19.7%
19.8%
19.6%
19.5%
19.2%
2010
2011
2012
Group
Continuing

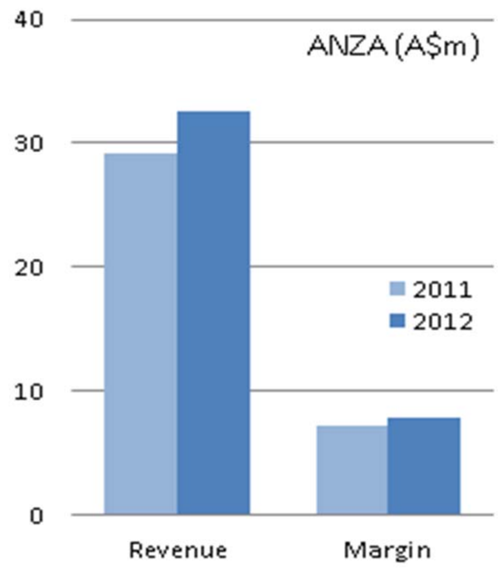

Expense / sales %
21%
20%
19%
18%
17%
19.9%
20.2%
19.4%
19.6%
19.9%
20.0%
2010
2011
2012
Group
Continuing


Group net working capital
900
750
600
450
300
Jun-10
Jun 11
Jun 12
Group
Continuing

Diversified highlights - continuing operations







- Europe: Diversified GM increased by 3% with the majority of the growth being in UK Packaging
- NA: Diversified GM increased by 1% with growth coming from digital papers and Packaging
- ANZA: Diversified GM increased by 14% in Sign & Display from a small base
- Group: Diversified GM / total GM increased to 22.9% from 20.7% pcp

Non-IFRS measures

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The non-IFRS measure used throughout the document are:

- *Underlying statutory profit / (loss) after tax:* statutory profit / (loss) after tax before impairment of non-current assets, loss on sale of assets, restructuring costs, Tasmanian closure benefits, Australian Paper transaction costs and valuation gain / (loss) on currency option.
- *Underlying Earnings Before Interest and Tax (EBIT):* underlying statutory profit / (loss) before interest and tax.
- *Continuing Underlying EBIT:* underlying statutory profit / (loss) before interest and tax for the continuing operations.
- *Discontinued Underlying EBIT:* underlying statutory profit / (loss) before interest and tax for the discontinued operations.
- *Constant currency:* throughout this presentation, constant currency assumes current and prior period earnings of foreign operations are translated at prior year exchange rates.

Europe results

		Contin-uing	Discon-tinued	Total	Contin-uing	Discon-tinued	Total	Total June 12 vs June 11
Continental Europe	`000 tonnes	**666**	**245**	**911**	707	261	968	(6)
UK, Ireland, Spain and South Africa	`000 tonnes	**743**	**20**	**763**	839	21	860	(11)
Total sales volume	`000 tonnes	**1,409**	**265**	**1,674**	1,546	282	1,828	(8)
Sales revenue	€m	**1,759**	**309**	**2,067**	1,876	342	2,217	(7)
Underlying EBIT	€m	**(17.8)**	**3.5**	**(14.3)**	2.5	7.0	9.5	(251)
Underlying EBIT / sales revenue	%	**(1.0)**	**1.1**	**(0.7)**	0.1	2.0	0.4	(110) bpts
Average working capital / sales revenue	%	**16.5**	**21.5**	**17.1**	16.3	21.5	17.1	0 bpts
Diversified revenue	€m	**398**	**13**	**411**	380	17	397	
Diversified margin	€m	**89**	**4**	**93**	86	5	91	
Diversified margin / total margin	%	**30.7**	**8.9**	**27.1**	24.9	10.8	22.5	460 bpts

North America results

		June 12			June 11			% change Total June 12 vs June 11
		Contin-uing	Discon-tinued	Total	Contin-uing	Discon-tinued	Total	
Sales volume	`000 tonnes	**222**	**250**	**472**	214	268	482	(2)
Sales revenue	US$	**447**	**466**	**913**	446	477	923	(1)
Underlying EBIT	US$	**8.4**	**4.6**	**13.0**	6.0	8.0	14.0	(7)
Underlying EBIT / sales revenue	%	**1.9**	**1.0**	**1.4**	1.3	1.7	1.5	(10) bpts
Average working capital / sales revenue	%	**13.3**	**10.6**	**11.9**	13.8	10.3	12.0	10 bpts
Diversified revenue	US$	**70.2**	**111.8**	**182.0**	69.9	101.7	171.6	
Diversified margin	US$	**15.3**	**26.9**	**42.2**	15.1	23.7	38.8	
Diversified margin / total margin	%	**17.7**	**27.7**	**23.0**	17.4	25.2	21.4	160 bpts

Australia, New Zealand and Asia results

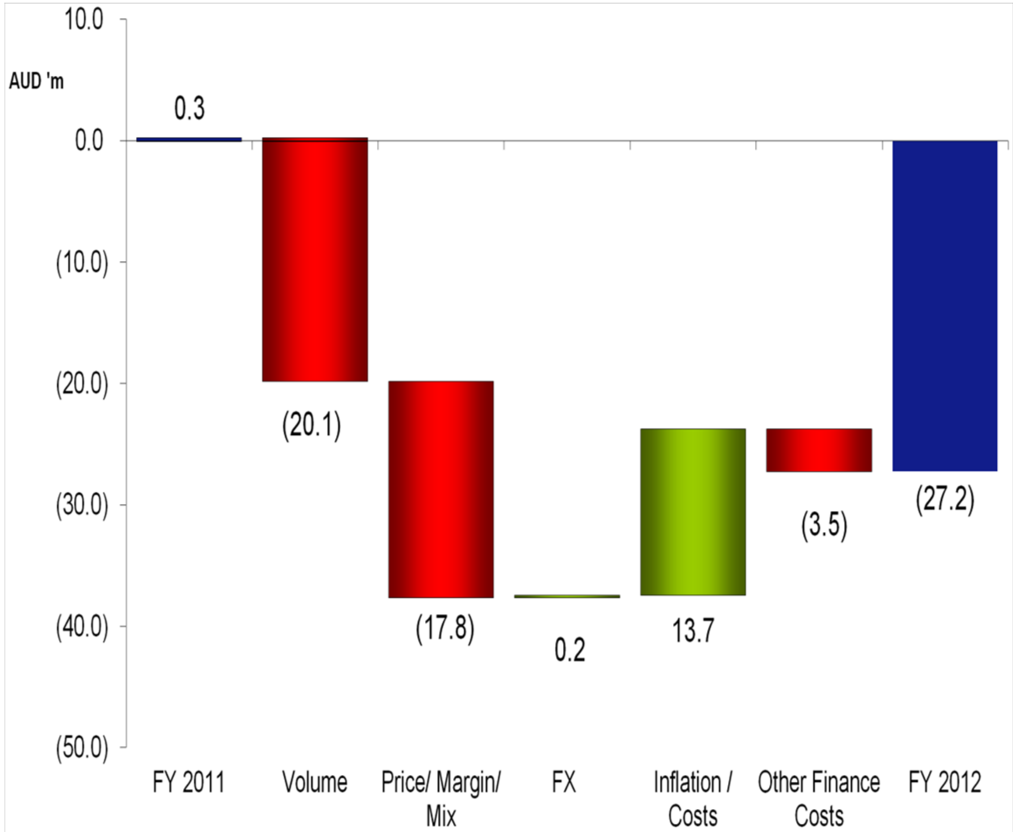
		June 12	June 11	% change
Sales volume	`000 tonnes	**307**	314	(2)
Sales revenue	A$m	**472**	516	(8)
Underlying EBIT	A$m	**10.9**	11.4	(4)
Underlying EBIT / sales revenue	%	**2.3**	**2.2**	10 bpts
Average working capital / sales revenue	%	**21.3**	23.3	200 bpts
Diversified revenue	A$m	**33**	29	
Diversified margin	A$m	**8**	7	
Diversified margin / total margin	%	**8.7**	7.4	130 bpts

Unallocated results

Unallocated $m	June 12	June 11
Corporate and Other	**(16.4)**	(18.0)
Other net finance costs	**(6.4)**	(2.9)
Significant items	**0.7**	(26.9)
Statutory EBIT	**(22.1)**	(47.8)

Corporate and Other is estimated at $13-14m p.a.

Continuing underlying EBIT variances – FY11 v FY12



Continuing underlying EBIT(1) (A$mils):

	2012	2011	Variance
Europe	(23.6)	3.6	(27.2)
ANZA	10.9	11.4	(0.5)
Canada	8.3	6.2	2.1
Unallocated	(22.8)	(20.9)	(1.9)
Total	(27.2)	0.3	(27.5)

(1) Non-IFRS measure