

31 January 2014

UPDATE ON COMPETITION LAW COMPLAINT IN GERMANY AGAINST SAPPI EUROPE SA

- PaperlinX rejects reports that its competition complaint against Sappi in Germany has been dismissed

On 4 December 2013, PaperlinX announced that it had lodged a complaint against paper manufacturer and supplier Sappi Europe SA ("**Sappi**") with the Bundeskartellamt ("**BKA**"), the German Federal Cartel Office, in respect of alleged ongoing infringements of European Union ("**EU**") and German competition law. The complaint was lodged by PaperlinX together with its German subsidiary, Deutsche Papier Vertriebs GmbH.

PaperlinX notes the statements made by Sappi in a media release issued in Europe on 30 January 2014 that the Bundeskartellamt has dismissed the competition complaint. PaperlinX rejects this as being wholly inaccurate and misleading. On the contrary, PaperlinX continues to engage with the Bundeskartellamt and submit additional evidence in connection with this matter. The complaint remains on file and there has not been any formal decision.

PaperlinX continues to fully stand by the allegations as set out in the complaint that Sappi is acting in breach of EU and German competition laws to the significant detriment of PaperlinX and paper customers in the industry. PaperlinX's complaint to the Bundeskartellamt sets out that:

- Sappi in practice restricts the customers to whom PaperlinX is able to make indent sales, by effectively assigning different customers to different merchants and varying its quotes depending on the merchant/customer pairing in question;
- For example, if PaperlinX requests a quote from Sappi, PaperlinX is forced to provide the customer name to Sappi, and Sappi will not provide a competitive quote if the customer has been effectively assigned by Sappi to another merchant;
- This restricts PaperlinX's ability to provide competitive quotes to the customers of its choosing, and restricts competition in sales of Sappi's paper products.

In PaperlinX's view, over the last few years these practices have affected billions of euros of indent paper sales. PaperlinX is committed to ensuring that it and its customers do not suffer further from the practices and will continue to pursue the complaint vigorously through its ongoing engagement with the Bundeskartellamt.

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