2014 Interim Results - Analyst Briefing

20th February 2014

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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.

Overview

- Turnaround strategy progressing, with significant restructuring initiatives undertaken, particularly in Europe and more planned
  - Trading expenses down by $36m or 12% (constant currency[(1)]) since December 2012
  - Total FTE reduced by 14.3% (637) across the Group since December 2012
- Continuing Underlying EBIT[(1)] loss of $9.6m shows a year on year improvement in all regions
- Key European funding: amendments and extensions of lending arrangements in UK, Netherlands and Germany increase liquidity to the business
- Takeover Offer for PaperlinX SPS Trust to close on 28 February 2014. Offer is for 250 PaperlinX shares for 1 SPS Unit
- Initiatives to boost growth segments progressing with diversified revenues up by $57.5m or 20.9% in total ($17.5m /6.4% in constant currency[(1)])
- Delivered strong performances in Canada, Australia and New Zealand. Benelux much improved since prior, but continue to face challenges in UK and Germany
- Trading conditions remain extremely challenging, particularly in Europe, and as expected, results reflect a continuation of a fall in volumes in major markets, while erratic pricing structures from competitors and pricing in key markets reflects strong competition due to weak demand
- Revised guidance now shows an Underlying EBIT loss of $5-8m for FY14

(1) Non-IFRS measure

Interim results summary

- Statutory loss after tax of $28.4m ($58.6m[2] loss pcp)
- Improvement of Continuing Underlying EBIT[1] loss of $9.6m ($15.1m[2] loss pcp) due to solid results in Australia, Canada and New Zealand, and reduced losses in Europe
- Expenses down 12.1% in constant currency
- Significant charges include $9.1m for restructuring after tax
- Net debt increased from $139m at December 2012 to $177m due to trading losses, cash committed to restructuring projects and unfavourable Australian Dollar FX translation
- Improvements in working capital offset by unfavourable FX translation/weaker Australian dollar. Working capital in constant currency[1] showed improvement of 11% from December 2012

(1) Non-IFRS measure

(2) The comparative amounts disclosed above have been re-presented as if the changes to accounting standard AASB 119 Employee Benefits had been effective from the start of the comparative period

Financial results

Financial summary

		6 months to Dec 13	6 months to Dec 12	% change
Sales revenue - continuing	$m	**1,476**	1,440	2
Continuing sales revenue - constant currency (1)	$m	**1,312**	1,440	(9)
Continuing underlying EBIT (1) (2)	$m	**(9.6)**	(15.1)	36
Continuing statutory loss after tax (2)	$m	**(28.2)**	(56.1)	50
Discontinued statutory loss after tax (3)	$m	**(0.2)**	(2.5)	92
Statutory loss after tax (2)	$m	**(28.4)**	(58.6)	52
Net working capital - continuing	$m	**547**	528	(3)
Net operating cashflow	$m	**(30)**	(61)	51
Net debt	$m	**177**	139	(28)
Net tangible assets	$m	**238**	263	(9)
Gross profit / sales - continuing	%	**19.2**	19.5	(20) bpts
Expense / sales - continuing (2)	%	**20.0**	20.8	80 bpts

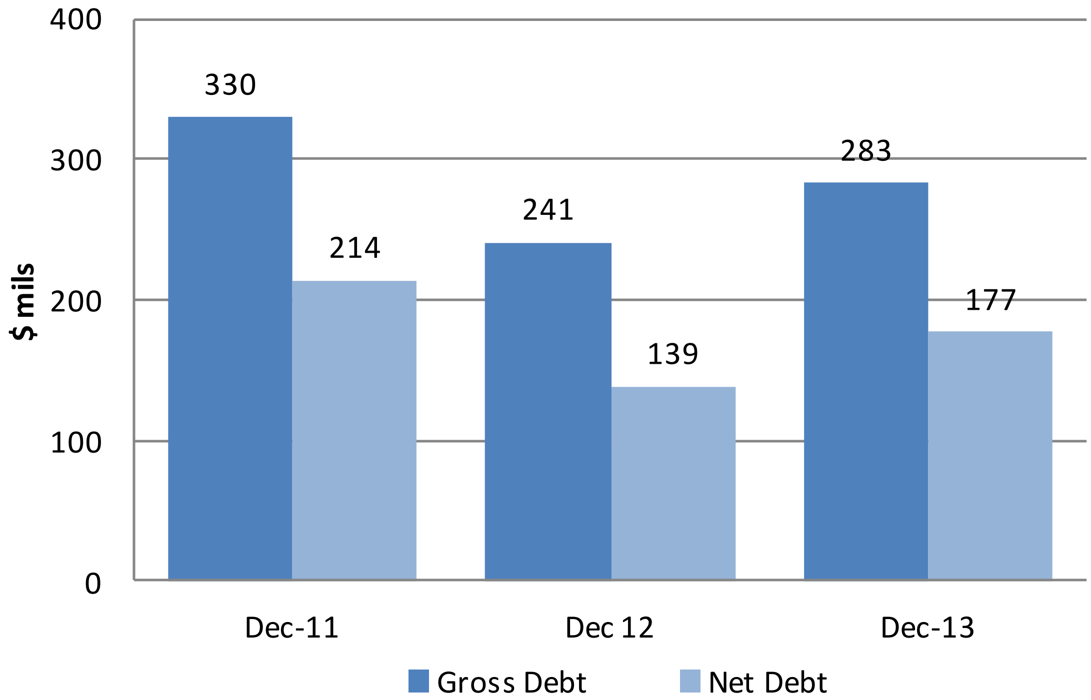
(1) Non-IFRS measure
(2) The comparative amounts disclosed above have been re-presented as if the changes to accounting standard AASB 119 Employee Benefits had been effective from the start of the comparative period.
(3) Discontinued operations reflect the US and Italy operations sold in FY12, the South Africa, Croatia, Hungary, Serbia, Slovakia and Slovenia operations sold in FY13 and the closure costs associated with Tas Paper operations, including the remaining remediation costs and realisation on asset sales.

Trading Cash flow

$m	6 months to Dec 13	6 months to Dec 12
Operating cash flow excl working capital & restructuring	**(15)**	(13)
Restructuring	**(16)**	(7)
Working capital movement	**0**	(41)
Operating cash flow	**(30)**	(61)
Capital expenditure	**(2)**	(7)
Proceeds from sale of assets & businesses	**0**	86
Borrowing costs paid	**(1)**	(0)
Transaction costs paid for takeover offer - SPS Units	**(1)**	-
Tas Paper closure	**(1)**	(4)
Net cash flow	**(34)**	14

- Negative operating cash flow excluding working capital and restructuring, largely reflects the trading losses, mainly in Europe
- Working capital balances showed a significant improvement over prior period – current year zero v $41m outflow pcp. Reflects emphasis on debtor, creditor and inventory management. Further upside still available
- On a net cash flow basis, prior period net cash inflow included proceeds of sales of businesses in US, Italy and Central Europe in 2012

Debt summary



- Net debt increased primarily due to trading losses, restructuring and unfavourable impact of $A FX translation on local debt facilities
- Net debt 'in constant currency' increased by 3% from December 2012
- Entered in to new facilities to assist with funding restructuring activities

Debt & interest expense

Debt as at		Dec 13	Jun 13	Dec 12	Dec 13 v Dec 12 % change
Gross debt	$m	**283**	211	241	(17)
Cash	$m	**106**	88	102	3
Net debt	$m	**177**	123	139	(28)
Avg daily gross debt	$m	**288**	241	252	

Interest expense		Dec 13	Dec 12	% change
Cash net interest on bank debt	$m	**6.3**	5.8	(9)
Non-cash interest	$m	**0.3**	0.8	56
Net interest expense	$m	**6.7**	6.6	(1)

- Average daily debt is higher than end of month positions due to trading business cycle
- Cash interest of $6.3m is an increase of 9% on prior reflecting increase in average debt positions and partially offset by improvements in rates

Funding update

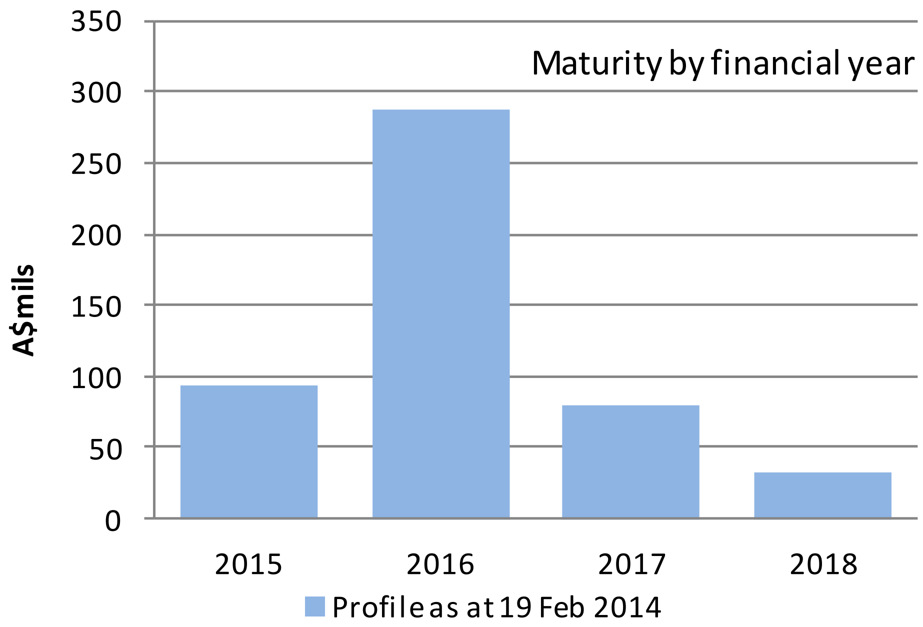
- Extension and amendments of key European funding facilities
  - UK and Netherlands facilities extended to September 2015
  - German facility extended to 31 July 2015

- Continue to review the funding structure in Europe in the medium term to improve flexibility and provide extended maturity dates

- Currently negotiating additional funding opportunities to accelerate restructuring activities

- Defined benefit pensions plan deficit
  - $A liability increased by $5m to $134m compared to December 2012 predominantly due to unfavourable FX translation of regional plans into Australian dollars.

Facilities profile



- Primary funding facilities are approximately $492m
- Facilities are regionally based
- Weighted average life of working capital facilities is 2.0 years

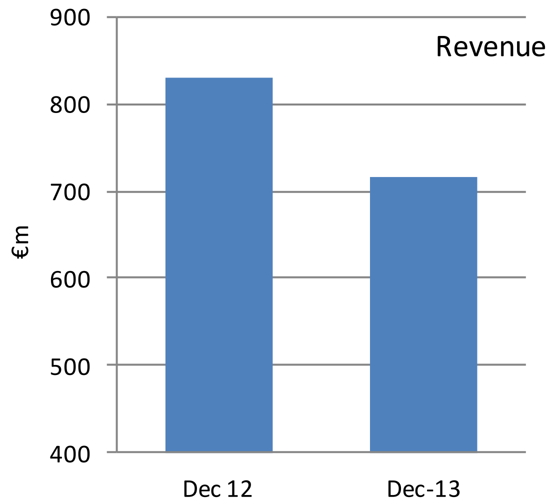
Capital Structure Update

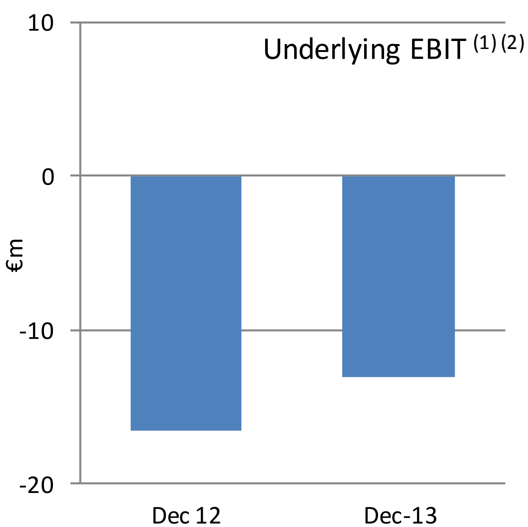
Takeover Offer for PaperlinX SPS Trust

- Simplifying the Group's capital structure is in the best interests of Unitholders and Shareholders
- Takeover Offer by PaperlinX Limited for PaperlinX SPS Trust will close at 7:00pm (Sydney time) on 28 February 2014 and will not be extended
  - Offer is final and unconditional and remains unchanged at 250 PPX shares for 1 SPS unit
  - PaperlinX currently holds voting power in 4.57% of the PaperlinX SPS Trust
  - Settlement includes accelerated payment terms for SPS Unitholders who accept the Offer
- The PaperlinX Board believes the Offer is attractive, given the relative market value of SPS Units and PaperlinX Shares
- The process has continued to highlight the complexity of the relationship and the conflicting rights of SPS Unitholders and PaperlinX Shareholders
- The PaperlinX Board is encouraging Unitholders to accept the Offer, as the Offer won't be increased or extended
- Unlikely that hybrid Distributions will resume for the foreseeable future

Regional Update

Europe





- Underlying EBIT[1] loss €13.1m (€16.6m[2] loss pcp)
- Revenue down 14% in local currency - due to market decline in paper, and loss of market due to significant restructuring
- Expenses down 16% (€29m[2]) on prior reflecting impact of cost realignment strategy
- Trading conditions in key markets still remain weak, particularly UK, Benelux and Germany. Irrational pricing and payment terms still hampering the industry
- Restructuring continued with a reduction of 511 FTEs (15.2%) since December 2012, and further reductions planned for the second half
- Benelux turnaround progressing, Germany underway. UK business is the immediate priority
- Sign & Display/VTS sales up 2% in constant currency
- Packaging sales exhibited organic growth in UK, Benelux, Poland and Spain

(1) Non-IFRS measure

(2) The comparative amounts disclosed above have been re-presented as if the changes to accounting standard AASB 119 Employee Benefits had been effective from the start of the comparative period

Progress – Europe

UK and Ireland

- Immediate management priority is to improve the UK business
- Cultural changes underway, with focus on profit rather than volume driven sales, simplification and new management team with turnaround experience in place
  - Exploring additional cost savings and smart business solutions for implementation in FY14 for full FY15 impact
  - Exiting from loss-making revenue and product lines
  - De-risking the business by moving to a variable cost model where possible
- Full regional sales approach in Commercial Print to be completed by end of April, building ownership, accountability and transparency to drive the business forward
- Restructure of Logistics announced in December, including site closures of Nottingham, Sheffield and Leeds, with further site rationalisation to be announced by end FY14
  - Finalising agreement with DHL to implement first stage of a collaboration to deliver potential savings across the entire supply chain
- Since Dec 2012, there has been a 14% reduction in FTE (234). Additional restructuring to follow
- Focus on margin enhancement, working capital and freeing up cash

Progress – Europe

Benelux

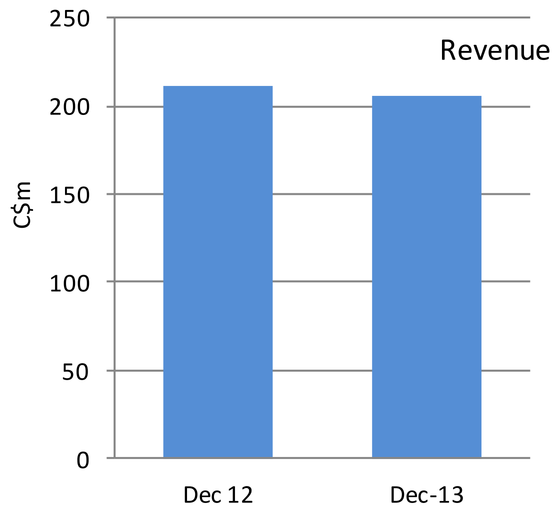
- Operations now effectively ‘divisionalized’ into VTS, Packaging & Commercial Print, with operational accountability and structural alignment
- Belgium and Mail Solutions (envelopes) businesses stabilized
- Consolidation initiatives/footprint optimization continue within the Netherlands
- Seeing benefits of restructuring efforts – 21% reduction in costs versus prior
- Working Capital initiatives in place to substantially lower cash requirements by fiscal year end

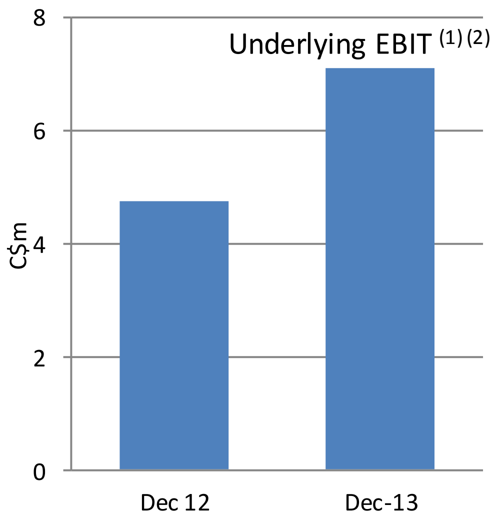
Progress - Europe

Germany

- In December, German Works Council approved major restructuring plan, focused on recalibrating the geographic footprint and cost base to return to profitability in FY15
    - A number of existing logistics warehouses and sales offices consolidated into central warehouse in Biebesheim
    - Restructuring charges of €4.2m for 1H14
    - 75 employees will be made redundant in 2H14
    - Hannover and Leipzig sites will be closed by end 1Q14
- A framework for further restructuring is under negotiation with the Works Council
- PaperlinX competition complaint against Sappi Europe SA remains on file and there has not been any decision. We continue to engage with the Bundeskartellamt and we have been asked to submit additional evidence in connection with the matter
    - Impacted on billions of euros of indent paper sales
    - Hampered the growth of our market share in Germany
    - Uncompetitive practices inflating prices for our customers in Germany and across Europe

Canada





- Underlying EBIT[1] of C$7.1m vs C$4.7m[2] pcp
- Our business outperformed the market with only a 3% drop in revenue in local currency. Some market share gains achieved
- Underlying EBIT[1] / Sales ratio increased to 3.5% from 2.3% pcp
- Results improved due to reliable margin management, stable warehouse pricing and reduction in costs by 7.7%
- Restructuring programme reduced FTEs by 11.7% (66 FTEs) since December 2012
- 14.6% improvement in net working capital vs. December 2012 through disciplined debtor and inventory management

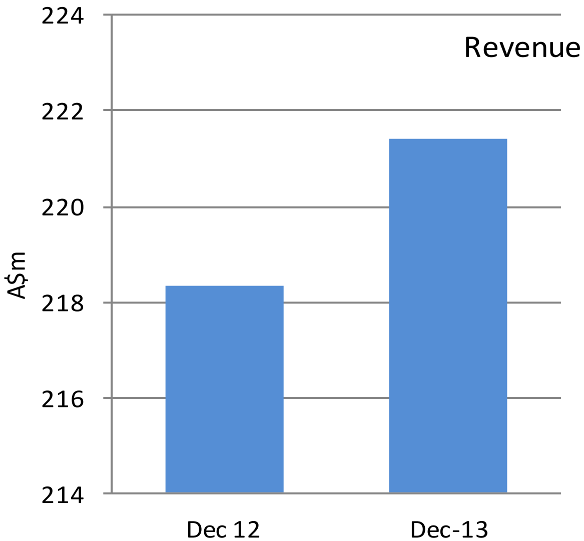
(1) Non-IFRS measure

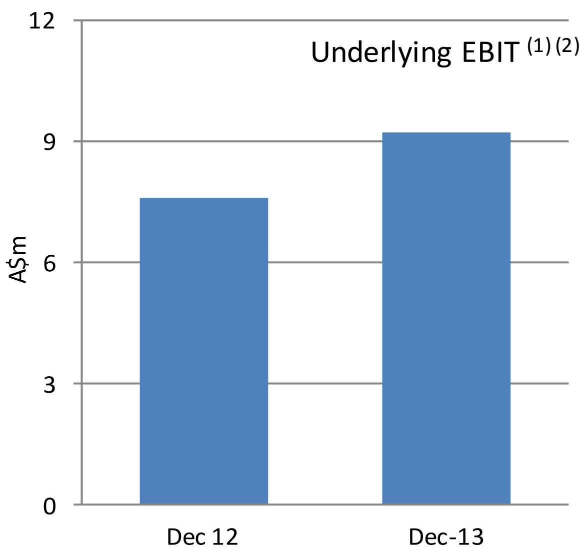
(2) The comparative amounts disclosed above have been re-presented as if the changes to accounting standard AASB 119 Employee Benefits had been effective from the start of the comparative period.

Progress - Canada

- Forecast price appreciation through 2H FY14, due to declining Canadian dollar
- Kodak Gold Reseller designation producing growth within Graphic Arts Supplies
- Sign & Display and Packaging cross-selling strategy improving profitability
- Commitment to distribution excellence evident through order accuracy rates now >99.2%
- Investment in e-commerce enhancements has produced >50% increase in order activity and >225% customer user registrations vs. previous 6 months
- Industry advocacy evident within "rediscover Paper and Print" campaign launched in December

Australia, New Zealand, Asia





- Core markets continue to experience tough trading conditions, particularly Asia
- Revenues broadly in line with prior as core market contraction is offset by defined diversification strategies
- Underlying EBIT(1) of $9.2m vs $7.6m(2) pcp – improvement from strong margin and expense management
- Underlying EBIT(1) / Sales increased by 70 bpts to 4.2%
- Restructuring has reduced FTEs by 10.4% (53 FTEs) since December 2012 and will continue in 2H14
- Working capital and cash inflow enhanced through improved debtor and creditor management

(1) Non-IFRS measure

(2) The comparative amounts disclosed above have been re-presented as if the changes to accounting standard AASB 119 Employee Benefits had been effective from the start of the comparative period.

Progress - ANZA

- Cost management continues with right sizing headcount, logistics operations and rationalisation of properties through lease renegotiations
- Continue to drive investment in Packaging and Sign & Display, with people and equipment, to pursue aggressive growth targets – investment beginning to show improvements although off a low base
- Right sizing in Commercial Print delivering a lean business well-aligned to long term paper forecasts
  - Enhancements to Sales Channel, Product Mix and the variability of costs continue to be challenged to ensure sustainable profitability
- E-commerce platform is expanding to streamline administration and enhance customer experience – 18% of orders placed electronically
- Chinese operation beginning to connect to and add value within wider group strategic sourcing initiatives

Diversified Businesses

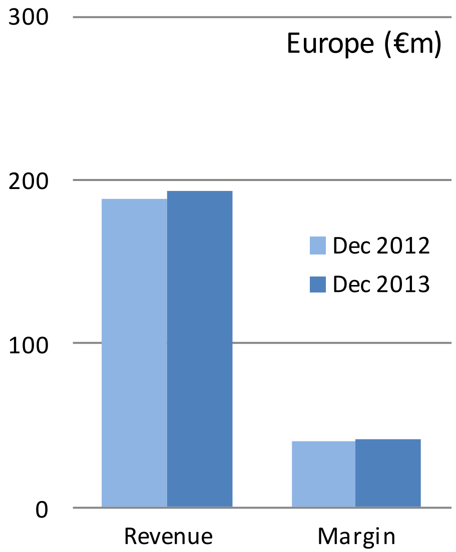
Packaging update

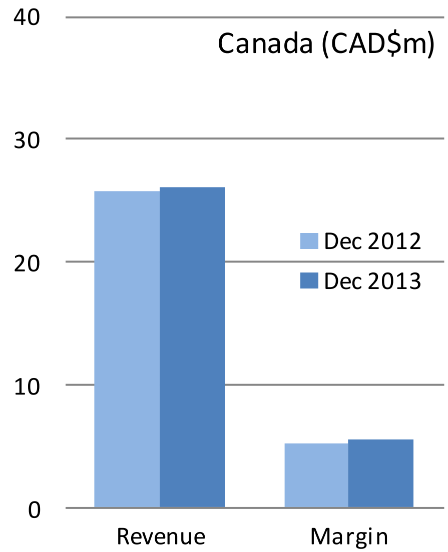
- Globally, 9% of total sales
- Transit packaging focus with two segments:
  - Supplying materials eg. carton board, tapes, bubble wrap
  - Producing and supplying pre-made/finished products eg. cartons, boxes, trays
- High growth potential over long-term
- Our strongest packaging markets are Benelux, Scandinavia and UK
- Significant cross-selling opportunity to existing print customer base in addition to new sectors of packaging customers
- Developing more coordinated procurement within the regions with a renewed focus on Asian suppliers
- Small investment in niche manufacturing equipment in Poland to organically grow corrugated box production and service Northern European markets

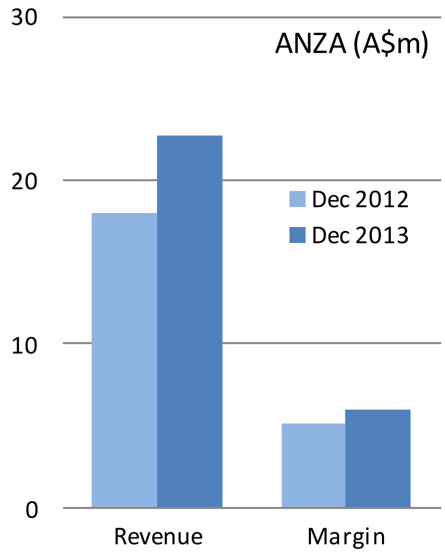
VTS/Sign and Display update

- 11% of total sales
- New unified business approach leading to efficiencies, especially in procurement
- Car Wrap Club delivering value to new and existing customers
- Medium term market initiatives being analysed include
    - 3D Printing
    - Architectural applications
    - Digital Signage
- Tough economic climate affecting marketing spend and lack of bank finance for hardware orders

‘Diversified’ highlights







- Continuing: Diversified GM / total GM increased to 28.2% from 24.4% pcp
- Total diversified sales increased in constant currency[1] by 6%
- Europe: Diversified GM increased by 1% primarily due to growth in packaging
- Canada: Diversified GM increased by 6% due to a narrowed sales focus on Commercial Print cross-selling
- ANZA: Diversified GM increased by 17% with growth from both Sign & Display and packaging segments

(1) Non-IFRS measure

Getting the fundamentals right

- **Simplification & Costs Out**
  - Aggressive costs out strategy – decrease fixed costs and move to a more variable cost base
  - Consolidated company brands into one brand ‘PaperlinX’ across Europe
  - Consolidated multiple operating companies into a single face to market in Benelux and UK

- **Channelling focus and capital into growth areas**
  - In UK & Europe, new structure aligned to product-based divisions of Commercial Print, Packaging, VTS. Effective 1 January 2014 with management team in place
  - New packaging approach in northern Europe to supply premade packaging using Polish facility

- **Redefining our business model**
  - Year 2020 Vision – long term strategy under development, following recent planning meeting
  - Re-examining the way we conduct business with the Mills, and our position in the supply chain
  - Smarter approach to procurement on a regional and global basis
  - Strengthening relationships with Asian mills
  - Innovation in complementary areas eg. Mail Linx initiative

Summary & Outlook

- Cost out strategy getting results and turnaround evident, but slower than expected
- Recent trading has been below expectations, particularly in the UK, which will slow progress back to profitability
- Expect the 2H14 to be profitable, but not sufficient to offset the Underlying EBIT[(1)] loss of of $9.6m in 1H14
- Revised guidance now shows an Underlying EBIT[(1)] loss of $5-8m for FY14
- Takeover Offer for PaperlinX SPS Trust closing soon. The PaperlinX Board encourages SPS Unitholders to participate in the Offer
- Key European funding extensions and amendments in place and additional funding opportunities under negotiation to accelerate restructuring activities
- Continued focus on working capital initiatives to release cash
- Confident that turnaround will continue through margin management and cost recalibration

(1) Non-IFRS measure

Questions?

Appendix

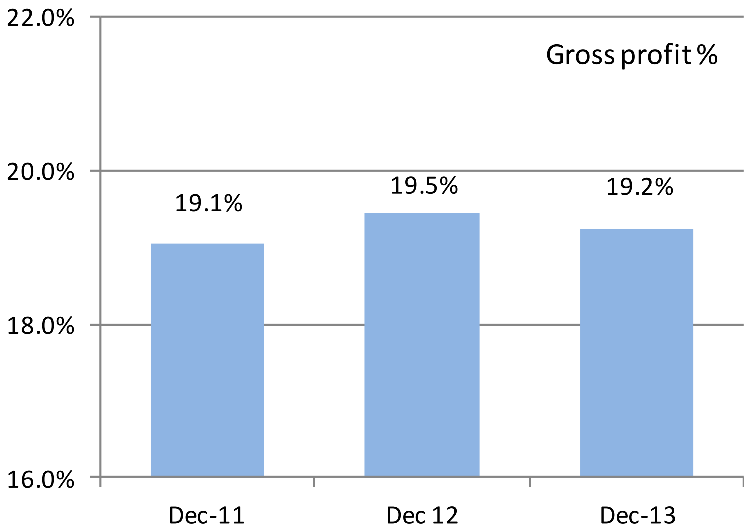
Non-IFRS measures

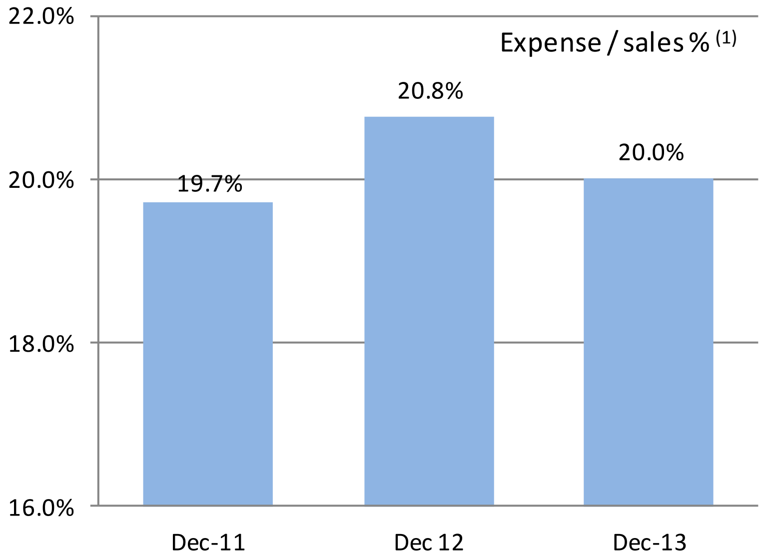
PaperlinX financial results are reported under International Financial Reporting Standards (IFRS). This presentation also includes certain non-IFRS measures including underlying statutory profit / (loss) after tax and underlying earnings before interest and tax. These measures are presented to enable understanding of the underlying performance of the Company without non-trading items. Non-IFRS measures have not been subject to audit or review.

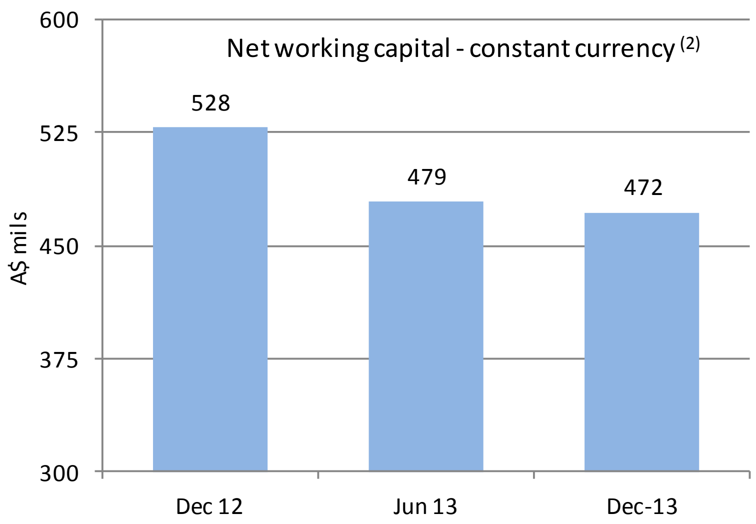
The non-IFRS measure used throughout the document are:

- *Underlying statutory profit / (loss) after tax:* Statutory profit / (loss) after tax before restructuring costs, loss on sale of controlled entities, write back of provisions relating to the discontinued Tasmanian operations and, in the pcp, impairment of non-current assets.
- *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.

Scorecard - Continuing



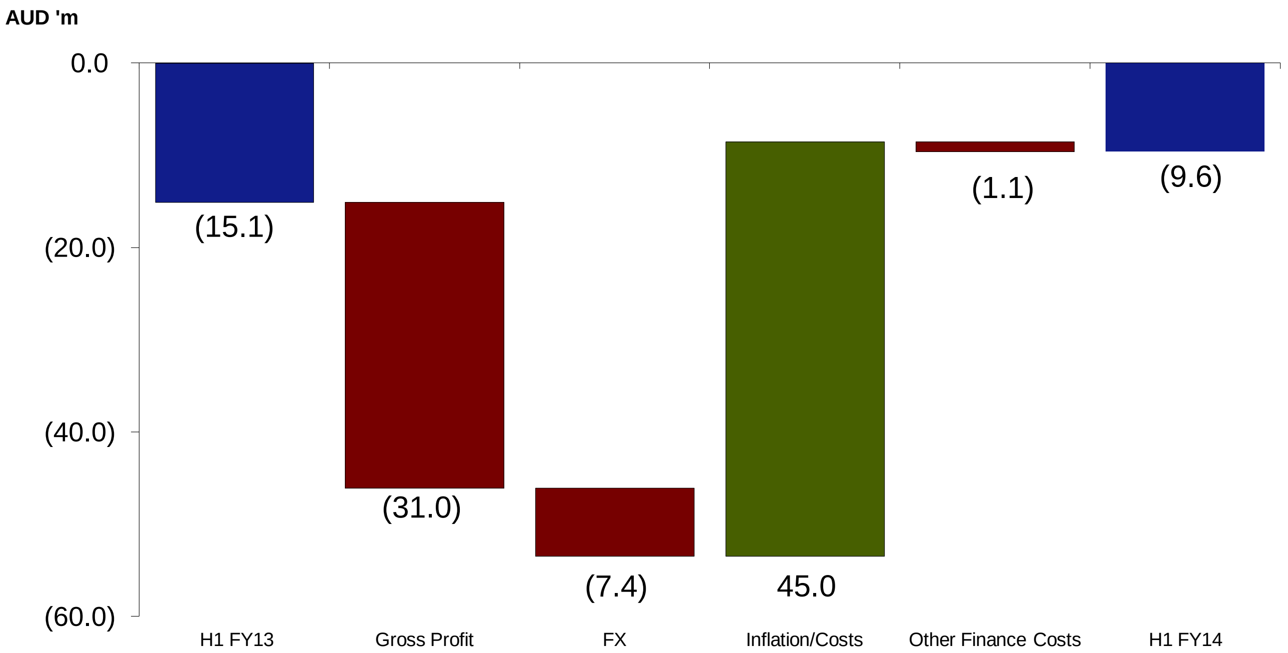




(1) Dec 12 comparative data disclosed has been re-presented as if the changes to accounting standard AASB 119 Employee Benefits had been effective from the start of the comparative period.

(2) Non-IFRS measure

Continuing underlying EBIT variances H1 FY13 v H1 FY14



Continuing operations		Dec 13	Dec 12 (1)
Underlying EBIT (2)			
Europe	A$m	**(19.1)**	(20.3)
Canada	A$m	**7.4**	4.6
ANZA	A$m	**9.2**	7.6
Unallocated	A$m	**(7.1)**	(7.0)
Total	**A$m**	**(9.6)**	**(15.1)**

(1) The comparative amounts disclosed above have been re-presented as if the changes to accounting standard AASB 119 Employee Benefits had been effective from the start of the comparative period.
(2) Non-IFRS measure

Results summary in local currency

Continuing operations		6 months to Dec 13	6 months to Dec 12	% change
Revenue:				
Europe	€m	**715.5**	831.2	(14)
Canada	C$m	**205.5**	211.6	(3)
ANZA	A$m	**221.4**	218.4	1
Unallocated	A$m	**(1.8)**	(2.2)	-
Total	**A$m**	**1,475.5**	**1,440.1**	**2**
Total - in constant currency [1]	**A$m**	**1,312.3**	**1,440.1**	**(9)**
Underlying EBIT [1] [2]**:**				
Europe	€m	**(13.1)**	(16.6)	21
Canada	C$m	**7.1**	4.7	50
ANZA	A$m	**9.2**	7.6	21
Unallocated	A$m	**(7.1)**	(7.0)	(1)
Total	**A$m**	**(9.6)**	**(15.1)**	**36**
Total - in constant currency [1]	**A$m**	**(7.8)**	**(15.1)**	**49**
Restructuring charges (pre-tax):				
Europe	€m	**(5.1)**	(5.0)	(2)
Canada	C$m	**(0.4)**	-	-
ANZA	A$m	**(0.4)**	-	-
Unallocated	A$m	**(0.9)**	(0.2)	(288)
Total	**A$m**	**(9.2)**	**(6.4)**	**(45)**
Total - in constant currency [1]	**A$m**	**(8.0)**	**(6.4)**	**(26)**

(1) Non-IFRS measure
(2) The comparative amounts disclosed have been re-presented as if the changes to accounting standard AASB 119 Employee Benefits had been effective from the start of the comparative period.

Europe results

		Dec 13 Total [1]	Dec 12 Total [1]	% change
Net sales revenue	€m	**715**	831	(14)
Underlying EBIT [2] [3]	€m	**(13.1)**	(16.6)	21
Underlying EBIT / sales revenue [2] [3]	%	**(1.8)**	(2.0)	20 bpts
Expense / sales revenue [3]	%	**20.5**	21.1	60 bpts
Avg. working capital / sales revenue	%	**19.0**	18.4	(70) bpts
Diversified revenue (gross)	€m	**194**	189	2
Diversified margin	€m	**41**	41	1
Diversified margin / total margin	%	**37**	32	540 bpts

(1) Continuing business only, excludes discontinued businesses
(2) Non-IFRS measure
(3) The comparative amounts disclosed above have been re-presented as if the changes to accounting standard AASB 119 Employee Benefits had been effective from the start of the comparative period

Canada results

		Dec 13 Total (1)	Dec 12 Total (1)	% change
Net sales revenue	C$	**205**	212	(3)
Underlying EBIT (2) (3)	C$	**7.1**	4.7	50
Underlying EBIT / sales revenue (2) (3)	%	**3.5**	2.3	110 bpts
Expense / sales revenue (3)	%	**16.6**	17.7	110 bpts
Average working capital / sales revenue	%	**12.1**	12.5	50 bpts
Diversified revenue (gross)	C$	**26.1**	25.8	1
Diversified margin	C$	**5.6**	5.3	6
Diversified margin / total margin	%	**13.1**	12.4	80 bpts

(1) Continuing business only, excludes discontinued businesses
(2) Non-IFRS measure
(3) The comparative amounts disclosed above have been re-presented as if the changes to accounting standard AASB 119 Employee Benefits had been effective from the start of the comparative period

Australia, New Zealand and Asia results

		Dec 13 Total	Dec 12 Total	% change
Net sales revenue	A$m	**221**	218	1
Underlying EBIT (1) (2)	A$m	**9.2**	7.6	21
Underlying EBIT / sales revenue (1) (2)	%	**4.2**	3.5	70 bpts
Expense / sales revenue (2)	%	**18.4**	19.0	50 bpts
Average working capital / sales revenue	%	**20.9**	22.1	120 bpts
Diversified revenue (gross)	A$m	**22.8**	18.1	26
Diversified margin	A$m	**6.0**	5.1	17
Diversified margin / total margin	%	**12.4**	10.9	150 bpts

(1) Non-IFRS measure
(2) The comparative amounts disclosed above have been re-presented as if the changes to accounting standard AASB 119 Employee Benefits had been effective from the start of the comparative period

Unallocated results

Unallocated $m	Dec 13	Dec 12
Corporate and Other	**(5.6)**	(6.6)
Other net finance costs	**(1.5)**	(0.4)
Significant items	**(1.0)**	(0.3)
Statutory EBIT	**(8.1)**	(7.3)