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PAPERLINX 2015 ANNUAL GENERAL MEETING:
1. CHAIRMAN'S AND MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S ADDRESSES

2. CHAIRMAN'S COMMENTS ON:
- REMUNERATION REPORT

CHAIRMAN'S ADDRESS

This morning I will provide an overview of the Company's results for the year.

The past year has been both challenging and transformative for PaperlinX with major changes impacting the Company, against a backdrop of structural decline in the paper industry continuing unabated. Tough and worsening trading conditions in key European country markets during the second quarter of the 2015 financial year prompted your Board to commence a Strategic Review. This culminated in necessary decisions being taken for the Company to withdraw from the Europe region and sell the Canadian business.

Your Company is now focused exclusively on the viable, well-managed businesses in Australia, New Zealand and Asia (ANZA). So while the Company now has a smaller geographic footprint, more importantly it has a profitable platform from which to implement its strategy to become a broader wholesale and distribution business.

Europe and Canada

Let me take you through how this position came to unfold.

In the quarter to December 2014, declining market demand coupled with some key paper manufacturers substantially increasing direct sales to printer customers led to sales and profit margins of the Commercial Print businesses in key European locations falling sharply. This pressure on margins and the difficulty in restructuring substantial legacy cost structures led to significant losses, particularly in the UK and Benelux. In addition, the restraint of credit terms by some suppliers placed pressure on the liquidity positions of these key European businesses. In response, in December 2014 the Board initiated a Strategic Review of all operations of the Company outside of the ANZA Region.

In the following quarter to March 2015, continued decline in the Commercial Print business and further tightening of supplier credit, particularly as a result of withdrawal of credit insurance cover, placed considerable pressure on the financial position and solvency of these businesses.

Alongside this, our Strategic Review supported by experienced financial and legal advisors identified that substantial further investment and long term financial support was required in Europe and in particular the UK and Benelux businesses. This was despite significant restructuring activities performed over a number of years. Attempts to identify potential purchasers for these businesses were unsuccessful.

In early April 2015, with no guarantee of success given the distressed state of these businesses and the climate of the European paper industry in general, the PaperlinX Board determined that it was not in the best interests of the Company as a whole to provide further substantial financial support, which would have had to come from the profitable and financially stable businesses in the Group.

Finally, as the liquidity and solvency positions of these businesses tightened even further, the key financier of the UK and Benelux businesses terminated financing facilities due to covenant breaches as at 31 March 2015.

The combination of these factors culminated in the UK, Benelux and Austrian operating businesses being placed into administration processes by their local Directors in April 2015.

Other businesses in the region were sold. The Polish, Spanish Scandinavian and Irish businesses were divested prior to financial year end. As a result of the PaperlinX Dutch Holding Company being placed into administration, control of the business in the Czech Republic was passed to an administration Trustee and subsequently sold to another European paper merchant. Due to the financial structure of PaperlinX Europe, PaperlinX Limited and its Australian subsidiaries did not receive any financial benefit from the proceeds of these sales as these benefits sat with European creditors.

As part of the Strategic Review, the Board assessed that the Canadian business, which had been profitable for a number of years, had reached an inflection point in relation to its earnings potential and required significant additional capital to preserve and enhance its value. PaperlinX was not in a position to be able to provide this additional capital so the business was consequently sold, with the sale proceeds used to support the Company’s overall financial position, particularly in relation to its withdrawal from the Europe region.

The German paper merchanting operation and parent entity commenced administration processes earlier this week. It had been trading unprofitably and attempts to divest this division as a going concern over the course of several months have been unsuccessful.

2015 Group results

The full year results consequently reflect the substantial restructuring of the Group’s portfolio of operating businesses. Group revenue was $2 billion which included $1.6 billion of revenue from discontinued and exited businesses in Europe and Canada.

The Company reported an overall statutory loss after tax of $(392.3) million. This included a significant loss after tax from discontinued operations of $(365.6) million.

The operations in ANZA were profitable and supported by year-on-year revenue and margin growth in the diversified Sign and Display business. ANZA revenue was $404 million, down 5 per cent on the prior period due to ongoing structural decline in the Commercial Print business segment.

Overall, an EBIT[1] margin of 3.6 per cent was maintained, an excellent performance in the challenging and competitive markets that the business operates in. Andy Preece, PaperlinX Managing Director and Chief Executive Officer will provide more detail on the ANZA results in his presentation this morning.

The net assets of the Company at 30 June 2015 were $128.7 million, and the Group commenced the new financial year with a positive net cash position. In August, the largest funding facility of the Group, in Australia, was extended to March 2018.

Growth strategy

After the events of this year, I want to assure shareholders that the ANZA businesses are profitable and viable and represent a solid platform for further growth. Continued diversification is essential for future sustainability.

The immediate focus is to develop the ANZA businesses through organic growth and acquisitions, subject to finding the right opportunities. The acquisition of a leading sign industry supplier in New Zealand during the year is a good example of the opportunities that exist for us in areas like Sign and Display, and Andy will talk in further detail about this.

Another priority of the Board is to address the Group's capital structure and with goodwill on behalf of all parties we hope to reach an agreement. We look forward to having constructive dialogue with various stakeholders to see if there is a joint mandate of support for a way forward over the next twelve months.

I would also like to take this opportunity to re-confirm that the Company does not believe there are any matters that would give hybrid holders a right to forcibly redeem or realise their securities. Any claims to the contrary are misconceived and any legal actions brought by these parties will be strongly defended.

Right-sizing our cost base

The executive management team changed during the year, prompted by the issues created by the underperformance of the businesses in Europe. The Board is pleased to be working with the newly appointed Managing Director and Chief Executive Officer, Mr Andy Preece, and Chief Financial Officer, Mr Wayne Johnston, who together bring a wealth of industry and company experience to deal with the major issues at hand. These executives have capably managed the Company's withdrawal from the Europe region and the Canadian divestment, and have formulated a sound strategic planning framework for the way ahead. These changes also delivered cost benefits given the streamlining of the executive management structure post-Europe.

Reflecting a smaller scale business with less complexity, the Board has realigned Directors' fees and executive management has also agreed to reductions in salary, given the vast majority of the European matters are now resolved. Other corporate costs have been significantly reduced moving into this financial year to reflect the smaller business footprint.

These measures along with many other cost cutting initiatives are a reflection of numerous activities designed to right-size the business and create a cost structure which more appropriately reflects the current operating business, and Andy will elaborate further on some of these initiatives.

PaperlinX to Spicers

Today we are asking shareholders to support changing the corporate name to Spicers Limited to align the identity of the parent with its operating companies. The PaperlinX Group is now comprised of the Spicers' businesses in Australia, New Zealand and Asia, following the withdrawal from its European operations and the sale of the Spicers Canada business during 2015. We believe the Spicers name more accurately reflects the operations of the Group as we embark on a new era for your Company.

To sum up, I would like to thank my current fellow Board members and senior management for their dedication to resolving many of the issues that have held this Company back from achieving profitability for a number of years. This thanks is wholeheartedly extended to all our employees, past and present, who have been with us on this journey. I must also thank our shareholders, our suppliers and our customers for their ongoing support.

Now, with a loyal and capable team, we will take this opportunity of a fresh start and begin to transform this Company into a broader wholesale and distribution business. With a focus on the future, we are excited by the opportunities to expand our business in this region and look forward to working alongside the management team to deliver sustainable profitability.

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER'S ADDRESS

It is a pleasure to be addressing you today for the first time as Managing Director and Chief Executive Officer of PaperlinX.

As Robert has outlined, your Company has undergone significant transformation throughout the year and we have emerged with a more sustainable platform from which to grow again. We are now focused purely on the profitable Spicers businesses in Australia, New Zealand and Asia, without the distractions of the underperforming assets in Europe.

Our Business - Spicers

The Spicers businesses have a consistent track record of delivering profit and strong cash flows. These businesses are market leaders in their core paper markets and are increasingly diversifying their revenue streams with a growing footprint in the non-paper markets in the Asia Pacific region.

As Robert has already discussed the performance of Paperlinx Group as a whole, I intend to focus on the ongoing entities, namely the Spicers businesses in Australia, New Zealand and Asia.

Today our operations span 23 sites in seven countries. We are a series of local and agile entities, with each business operating profitably and autonomously from within its state or geographic area.

Spicers today

Whilst fine paper for the commercial print market remains both a relevant and important part of our product portfolio, our businesses are equally focussed on diversification and continue to achieve significant momentum in this regard. This Company today has a far more extensive and diverse range of products than you might imagine, and as our product offering diversifies, so indeed does our customer base, delivering for Spicers ANZA significant positions in high growth markets.

Around the room here today you will see some examples of the wide gamut of materials we supply to the print and visual communications industries, ranging from a mirrored acrylic called Vanity Board, examples of our polypropylene offerings, brands called Armaboard and Coreflute and our paper-based composite board (X-Board) which is a sustainable alternative to MDF and PVC.

Before I tell you more about our expansion in this area, I will take you through the results for the ANZA business.

ANZA 2015 performance

The Spicers businesses in the ANZA region once again generated sustainable returns in difficult trading conditions within an industry in structural decline.

During the course of the year these businesses delivered underlying earnings before interest and tax of $14.7 million. This represents a small decline from prior year, an acceptable performance given the backdrop of the continuing contraction of the commercial print market in these regions.

While revenues in the ANZA businesses declined by five per cent, this was largely offset by well managed and executed strategies to right-size the cost base to reflect the needs of the smaller organisation, and continued discipline in the control of discretionary costs. This is reflected by our expenses to sales ratio being maintained at a consistent level of 18.5 per cent in the 2015 financial year despite declining revenues.

Diversified performance

A pleasing aspect of our diversified performance in 2015 has been a 33 per cent growth in revenues and a 36 per cent growth in margins from the Sign and Display and Industrial Packaging businesses.

These revenues now represent approximately 20 per cent of total margin for the ANZA business, a metric that is growing healthily year-on-year.

The Sign and Display segment has been the main driver of growth with enhanced supplier relationships and leveraging off acquisitions being the key elements to success. The acquisition of Total Supply in New Zealand has contributed positively to this result.

Spicers strategy

Our mission is to drive overall profitability by managing paper business returns and re-investing to diversify into growth sectors.

To do this we need to mitigate the decline in Commercial Print revenue as volumes fall and margins tighten, which involves driving gross margins, rightsizing the fine paper business and exploiting niche paper segments.

We continue to rigorously apply rightsizing and cost variabilisation exercises to all aspects of the business and there have been many initiatives that have delivered reductions to our cost base.

A significant project in Australia has been the re-engineering of the footprint of our distribution centres throughout the country. For example, and concluded in the 2015 fiscal year, the Victorian Distribution Centre and Office was relocated to Dandenong. This exercise secured both a marked reduction in rental outgoings and a more flexible leasing arrangement.

We will continue to leverage the company’s considerable strength and leadership in the Commercial Print market and actively promote strategies to offset its decline through organic growth opportunities in niche areas such as Digital, Inkjet and Labels.

Alongside managing paper business returns, rapid and continued growth in the Sign and Display, and Industrial Packaging segments, and beyond is the other strategic imperative of the Company. We will seek to grow both organically and through acquisitions, with targets already identified in Australia and New Zealand.

Executing on this strategy will enable Spicers to transition into a broader wholesale and distribution business.

Driving growth

Our rationale for seeking acquisitions to diversify into non-paper segments is to provide accelerated growth and returns that are simply not possible organically. In demonstrating this, I would like to introduce you to our most recent acquisition, Total Supply, a leading sign supplier in New Zealand.

An acquisition like Total Supply provides access to new skills and experience, new supply relationships and a new client base and allows Spicers to leverage these with its existing warehousing and logistics core competencies.

Within 12 months, Total Supply has delivered to Spicers NZ an instant relevance within the local Sign and Display market, access to an experienced team, supply lines and clients that were previously unavailable to it. This has taken our New Zealand business from a relatively small Sign and Display entity to a major player in this space.

Growth in our diversified businesses also provides valuable opportunities to re-deploy existing staff to support these more profitable revenue streams that provide higher margins and greater returns on investment than our paper business.

Spicers Limited

To symbolise the evolution of the business we plan to change our corporate name from PaperlinX Limited to Spicers Limited. Robert has outlined this in his address and you will be provided the opportunity to vote on this proposal later in this meeting and I encourage you to support this change.

Spicers is a brand with an enviable heritage spanning more than 100 years. It is well recognised as a significant industry influencer and as a market leader in its chosen fields. After an extremely difficult and challenging year I call upon all stakeholders to embrace this change which supports our momentum from the past to the future, to focus on our future and to fully recognise the potential of this Company, your Company.

FY2016 Q1 Trading update

I will now report on the ANZA business trading in the first quarter of Financial Year 2016.

New Zealand is performing well, assisted by the successful integration of the Total Supply business acquired in October 2014.

Asia's performance has stabilised; however it continues to be impacted by difficult local trading conditions and macro-economic pressures.

The Australian business has had a difficult start to the year due to the continued depreciation of the Australian dollar against the US dollar which has caused contraction in margins. A price increase was delivered to the market in October to combat that and as of today we are seeing benefits in margins beginning to flow through.

Corporate costs are down reflecting the removal of European-based personnel.

I must remind you that conditions in the Paper markets in all of these locations continue to be very challenging, and as a result it is not practical to provide full year guidance at this time. The first half 2016 financial year results will include the impact of the German business as a discontinued operation, as the business commenced administration processes earlier this week.

Suffice to say that the stated mission to drive overall profitability by managing paper business returns and re-investing to diversify into growth sectors is paramount to our ongoing sustainability.

Summary

In summary it has been a dramatic and transformative year for the company. We are now wholly focused on the profitable elements of our businesses whilst fully recognising the market and industry environments facing us.

Our exposure to the declining commercial print market remains significant and the need to diversify our earnings is very real and pressing.

The year ahead will be one of continued transition. We will seek to take full advantage of both organic growth and appropriate acquisition opportunities that present themselves in Sign and Display, Industrial Packaging and beyond. Our focus on cost reduction, already a permanent feature of our DNA, will continue unabated as we right-size our paper operations and target further corporate cost reductions in the current year.

Whilst we are a smaller business, we are also a more agile organisation and I am extremely confident this will deliver a solid foundation for growth for the year ahead and long into the future.

I have no hesitation in assuring you that the management and employees of your Company are fully engaged in delivering a viable and profitable business. With a clear strategy for growth I have the utmost confidence in our ability to deliver performance that this organisation deserves in the years to come.

Thank you for your continued support of PaperlinX, of Spicers, and for your time today.

CHAIRMAN’S COMMENTS ON THE REMUNERATION REPORT

I would like to make a brief comment on the Remuneration Report and our remuneration practices.

Organisation and management structure

The major events in PaperlinX’s business during Financial Year 2015 have led to significant changes in the Group’s executive structure and personnel.

Currently the Managing Director and CEO and Chief Financial Officer positions are the only two roles classified as ‘Key Management Personnel’, with previous ‘Regional Head’ KMP roles effectively no longer existing.

There have been changes in both of these executive positions during the financial year, with Andy Preece (previously the “Regional Head’ of Australia, New Zealand and Asia) replacing Andrew Price as Managing Director and CEO in February 2015 and Wayne Johnston replacing Joost Smallenbroek as CFO in May 2015.

Remuneration levels

The Board believe that the current remuneration practices and levels both attract and incentivise capable team members who can deliver business results, while also aligning executive remuneration with shareholder interests.

I highlight that, in recognition of the reduced scale and complexity of the PaperlinX Group following its withdrawal from Europe and sale of Canadian operations, the Non-executive Directors and Executive KMP have agreed to cuts in fees and base salary levels. Details of these reductions are included in the 2015 Remuneration Report.

FY2015 Incentive payments and grants

As in previous years, a large proportion of executive remuneration for the financial year 2015 was variable and "at risk", being subject to the achievement of stretching performance targets established under the Incentive Plan.

Financial targets were not achieved in the Financial Year. The Board approved STIP payments to the Managing Director & CEO and CFO representing 20% of their maximum award, based on an assessment of the 'strategic objective personal targets' elements of their STIP plans having been achieved.

The only Long Term Incentive executive options issued during the 2015 financial year were 6 million options granted to the previous CFO, Mr Smallenbroek, in October 2014, as a reward for his efforts in finalising a number of European refinancing agreements at the time. Full details of these options are disclosed in the 2015 Remuneration Report and their ultimate value to the recipient will be dependent on the Company's share price during the exercise period from October 2016 to 2017.

In August 2015, following Board approval, the Company cancelled the 35 million executive options previously issued to the former Managing Director & CEO, Mr Price.

FY2016 Incentive programmes

The short-term incentive plan for the 2016 financial year is consistent with last year's, with performance conditions based on meeting key financial targets and similar maximum potential award percentage levels. The Company will pay any awards made as cash.

The Board will consider a new Long Term Incentive plan for the Managing Director and CEO and other key executives in due course.

Termination payments

On 18 February 2015, the Company terminated the former Managing Director & CEO's fixed term contract without notice, as the Board determined that it was not in the best interests of the Company and its shareholders for his employment to continue. Mr Price has been paid his Total Fixed Remuneration and superannuation contribution components up to his termination date, with no further payments beyond these made by the Company to Mr Price.

In May 2015, Mr Smallenbroek ceased to be CFO, as it was no longer required to base this position in Europe given the Company's withdrawal from the Region. A termination payment of A$477,000 equivalent, compliant with the termination benefits cap provisions of the Corporations Act and representing 12 months Total Fixed Remuneration in lieu of contractual notice less the fair value of any unvested Short Term Incentive rights, was made by the Company to him.

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