

PRESS RELEASE

PAPERLINX UK MERCHANTS CO-OPERATE TO LAUNCH JOINT LOGISTICS INITIATIVE

PaperlinX UK announced today (24 November 2005) the introduction of a joint initiative by Howard Smith Paper Group, M6 Paper Group, Robert Horne Group and The Paper Company to integrate their individual logistics operations in order to optimise customer service, maximise efficiency and minimise the environmental impacts of their distribution activities.

A new logistics company is to be established by the end of 2005 which will commence a three-year programme to take over all physical warehousing and distribution functions from the four merchants.

As the programme rolls out, the separate warehousing and transport resources of the four will progressively transfer to the new company. This will allow state-of-the-art logistics technology to be implemented throughout the country, significantly improving the existing service levels enjoyed by all four companies' customers and opening the door to enhanced control of distribution costs and environmental impacts.

Operating as a dedicated service provider to the four, the new enterprise will be headed by John Ball, currently logistics director of Robert Horne Group, and controlled by a board comprising Toby Marchant, regional president for PaperlinX UK and Ireland, and the managing directors of Howard Smith Paper Group (Malcolm Lane-Ley), M6 Paper Group (Andrew Towle), Robert Horne Group (Dave Allen) and The Paper Company (Alistair Gough).

Commenting on the new initiative, Toby Marchant said: "All four companies in the PaperlinX UK family are immensely proud of their singularly different service offerings and of their own well-established and highly valued individual identities. However, pursuing individual marketing philosophies does not preclude uniting to defeat the common foe of rising costs and seeking common means to obviate waste.

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“The new logistics enterprise will enable us to truly create a centre of service excellence that leverages both the scale and the expertise of our existing operations. It will seek to drive continuous improvement and efficiencies to our already market-leading positions as individual operations, as well as providing significant environmental benefits in the usage of our distribution vehicles.”

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