Thoughts on Value

13 January 2009

Thanks for the opportunity to address you all – but no thanks are due for the timing and market environment we all find ourselves in.

So rather than the predictable discussion on how to preserve cash and deal with near term realities – which are pressing for all of us including PaperlinX – I have chosen to look at the fundamental priority of creating rather then destroying value in our partnerships.

Thoughts on Value

- PaperlinX Layers of Value Model
- Current challenges to value creation
- Example of multi-partner supply chain ideas
- Concluding thoughts.

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PaperlinX

I will start with a discussion of the PaperlinX global merchant model, discuss today's realities and challenges to that model, as well as approaches to create broader value through supply chain partnerships and offer a few concluding thoughts.

Largest Global Fine Paper Merchant

- PaperlinX operates 36 businesses across 27 countries
- Disciplined acquisition criteria and integration
- Major international paper merchant acquisitions include:
  - Spicers Paper (International, 2001)
  - Coast Paper (Canada, 2001)
  - Bunzl Fine Paper (UK, 2002)
  - Buhrmann (Netherlands, 2003)
  - Cascade Resources (Canada, 2006)
  - Antalis S.p.A (Italy, 2007)

Europe

Adria Papir
Alpe papir
Antalis S.p.A.
Bratislvaska papierenská
Budapest Papir
BührmannUbbens
Caledonia
CC&CO Group
ContactHorne Paper
Deutsche Papier
DM Paper
Dunav Papir
Epacar
Finwood Papers
Howard Smith Paper Group
Mercator Paper
Ospap
Paper Products Marketing
PaperNet Austria
PaperNet Denmark
Polyedra
Proost en Brandt
Robert Horne Group
The Paper Company
Udesen
Union Papelera

Australia, NZ and Asia

Dalton
Dalton Web
Paper Products Marketing
Spicers Paper
Winpac Paper

North America

Coast Paper
Kelly Paper Company
Paper Products Marketing
Papier Coast
Spicers Canada
Spicers Paper Inc

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First about PaperlinX, from a small regional merchant position in 2000, PaperlinX has grown through acquisitions to become the largest global fine paper merchant with 36 merchant businesses operating across 27 countries.

Our acquisition criteria have been openly stated and adhered to, providing discipline and rigor to our approach and clarity of expectations to those quality merchants who can enhance our model and whom we seek to transact with.

EPS accretive in Year 1, achieving a 15% ROFE by year 3, and acquisition of high quality management feature prominently in our criteria.

Acquisitions to date have created the global platform you can see on this slide.

The PaperlinX Merchanting Model - Layers of Value

VALUE CREATION

	Layers of Value	Examples
At acquisition	Disciplined acquisition approach	Acquisition criteria
	Customers and customer relationships PaperlinX Values Core Operating Principles	Basis for PaperlinX model
As we build in market scale	Best people Best customers Best suppliers	Integration opportunities lead to business strengthening
	Back office synergies	- Logistics - IT platforms - Support staff
	Value adding activities	- Sign & display - Industrial packaging - Graphics - Custom converting
	Portfolio management	
Further global benefits	Best practice sharing	- Policies (i.e., debtor, safety etc) - Operational Excellence - Brands/Marketing/CVP's - Training
	Strategic supplier alignments	Logistics and ideas
	Global customer solutions	Servicing models

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PaperlinX

This one page lays out our merchanting model, with examples of where value is created from acquisition, through the expansion of in-market scale, and where we build further benefits from our global alignment.

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	Global customer solutions	Servicing models

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PaperlinX

At the time of acquisition, all the value of the acquired business is in the existing customers and customer relationships. These relationships have been built up over years, and often through previous expansions of the acquired company.

A core belief in our model is to recognise and respect these relationships, to understand the uniqueness of various business models and value propositions, and not to enforce a one-size fits all approach around the world.

Equally, our Values and our Core Operating Principles provide guidance for all of our people and businesses in their decision making, and a set of challenges that are relevant to any business model.

Our Values were launched in the middle of 2008 after a significant amount of consultation across the Company. They are there to help guide our individual behaviours and, after a global launch, are being weaved into all of our activities.

Core Operating Principles

- Strengthen then build off existing business platforms
- Productivity to provide funds to improve sustainability and growth
- Simplification
- Actively prioritise activities based on value creation for customers, suppliers and for PaperlinX
- Fully leverage our global opportunities
- Invest in our people and their skills
- Compliance is mandatory
- Results oriented teamwork/success as a team.

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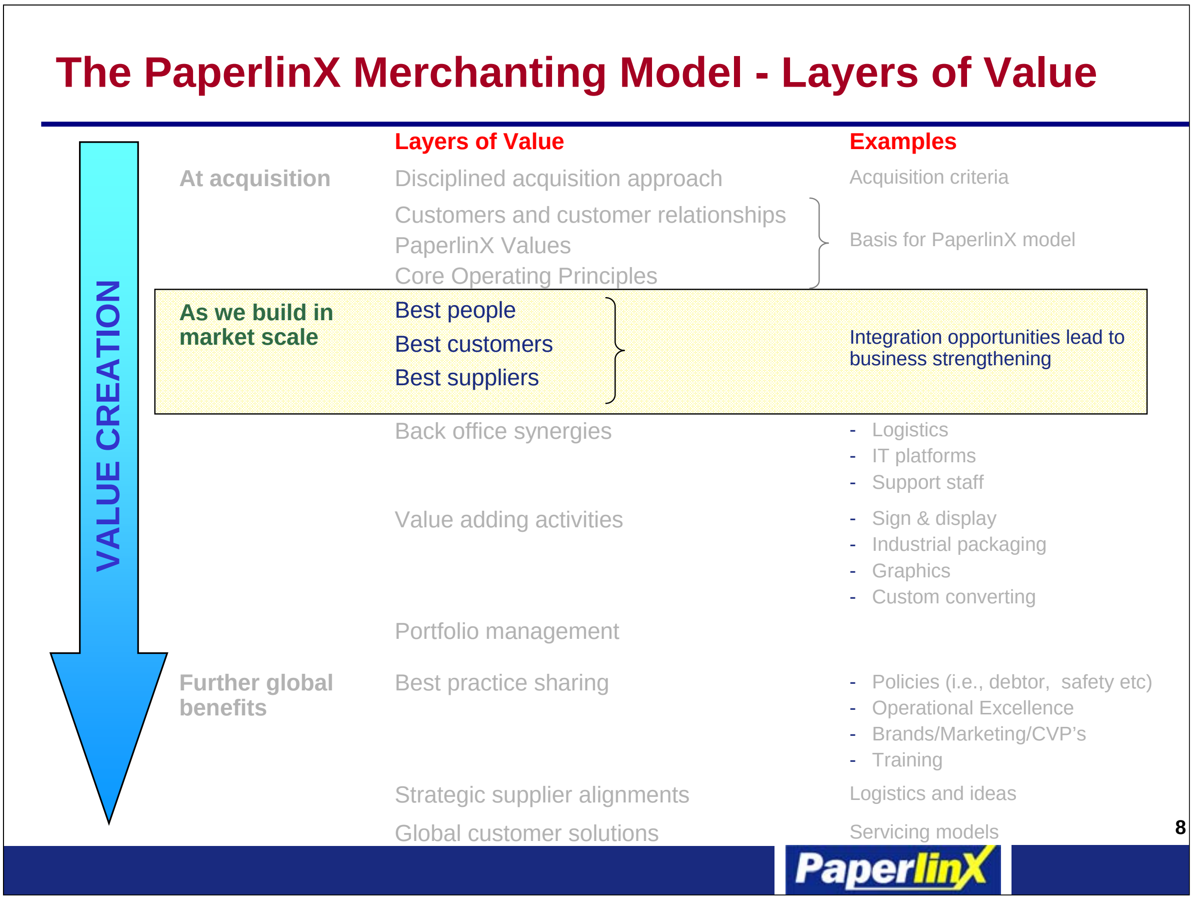
PaperlinX

This set of Operating Principles have served us well since they were launched over four years ago.

We have improved our alignment as a company behind these statements, and when you review our strategic initiatives or performance measures you will see the Core Operating Principles behind all that we do.

Please note the clear principle to prioritise activities based on value creation for customers, suppliers and PaperlinX which is the subject of today's talk.



As we build scale, either organically or through acquisition, within the merchant market and eventually within the total market in a geography or a country, several opportunities present themselves to us.

The first is the opportunity to select, train or recruit the best people as the business grows.

With the best people come the best customers as well. Unfortunately, there are also some customers who would not fit in this category for various reasons, and these are better picked up by our competitors. But with the best customers we actively look to build our services, the value we can add, and our fundamental relationship.

And this also attracts the best suppliers who want to partner in efficiently satisfying the customer's needs.

So, as we build in-market scale, we do not expect to build pricing leverage, but we can build competitive advantage through our own activities.

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	Global customer solutions	Servicing models

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Additionally, as we build in-market scale we have the opportunity to realise improvements in our back-office activities to better support the often separate and unique value propositions we provide our customers in the market.

Back Office Synergies

Logistics	IT integrations	Back office efficiency
		
Australia/NZ model UK Delivery Company Warehouse integrations SKU rationalisations	Ireland North America Australia Germany UK (partial)	Costs Efficiency Enhanced service

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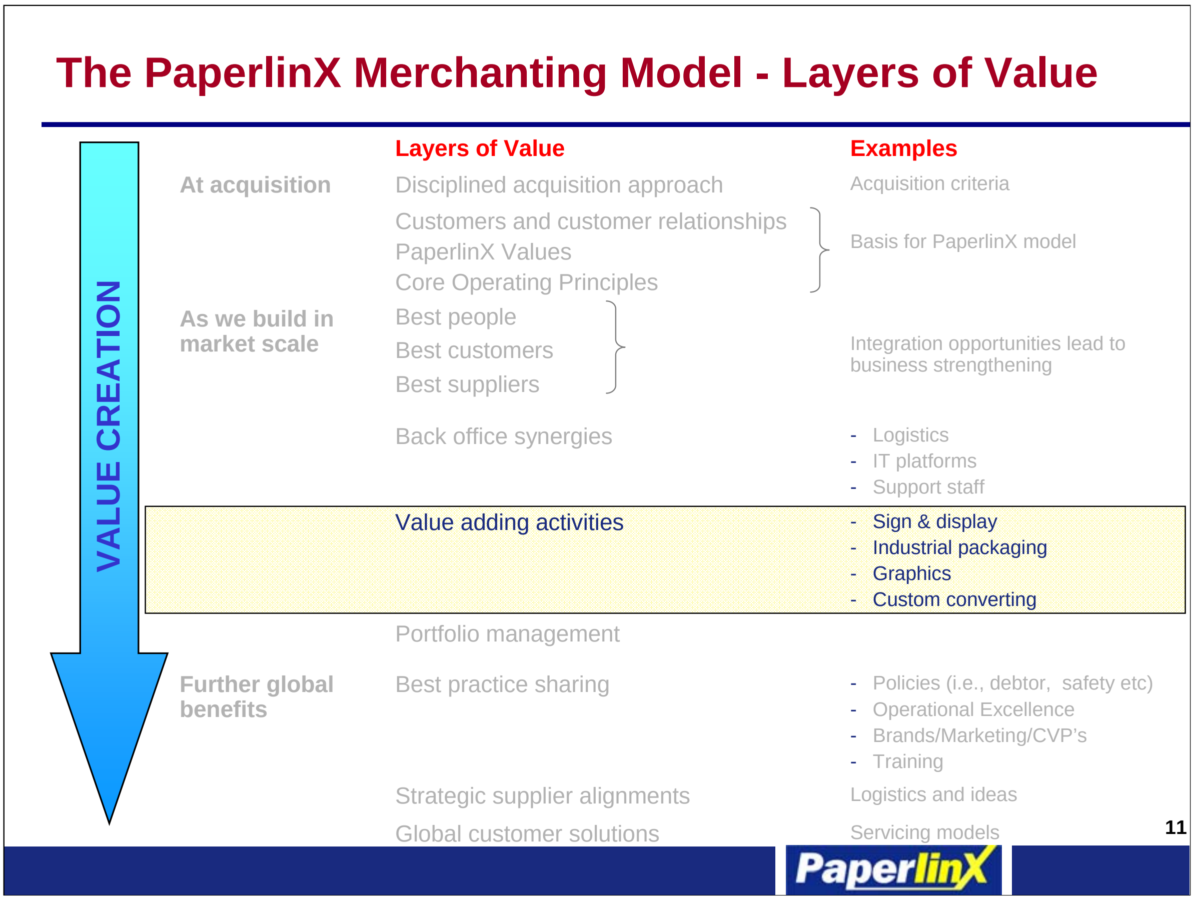
PaperlinX

In Australia, Daltons and Spicers have different identities, ranges and value propositions, but they are supported by a shared logistics, IT and back office structure. This logistics idea is being rolled out in the UK where we have three great merchants and the opportunity to integrate logistics within The Delivery Company to provide enhanced, but still unique, service offerings to our customers.

IT integrations also facilitate a simplification of the back office, visibility and reduction of inventory holdings across multiple sites, and opportunities to improve management information. Elsewhere we comment on progress in this area.

And the cost and service can all be improved as we move forward, but the key is to better support our fundamental customer relationships.

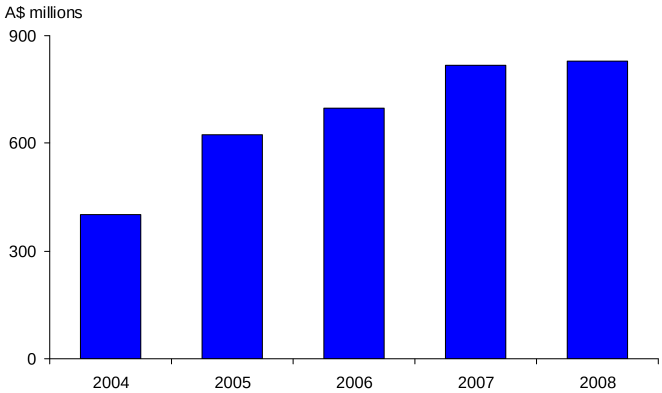
Consistently, PaperlinX has seen the benefit of expenses in merchanting running below inflation and expense to sales ratios declining. Since 2004 our merchanting expense to sales ratio has improved by 6%, as efficiency and service are improved.



As a merchant strengthens customer relationships, consolidates back office capabilities, and develops a healthy financial position, there are also opportunities to build off this customer and service base into complementary and often higher value adding segments such as Sign and Display, graphics, industrial packaging, and custom converting.

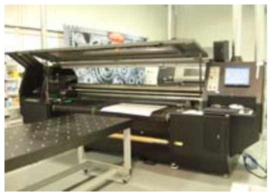
Value Adding Activities

Revenue from Sign & Display, Industrial Packaging, Graphics, and Custom Converting:
- CAGR 20%
- 17% of total Merchanting gross profit in 2008



- **Sign & Display**

- **Graphics**



- **Industrial Packaging**

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Each segment requires unique products and skills, and in many cases we have gained new business and these unique skills from acquired businesses. The challenge is to support what we have and to transfer knowledge and skill across the group for everyone's benefit.

These value adding businesses have grown to around $800 million of revenue in 2008.

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Portfolio management also contributes to the building of in-market scale, and in some cases the exiting of positions where we do not have sufficient presence to adequately compete.

Portfolio Management to Build In-Market Scale

Acquired

- Spicers Paper
- Coast Paper
- Papier Turgeon
- Bunzl Fine Paper
- Buhrmann PMD
- Cascades Resources (Canada)
- Antalis SpA (Italy)

Divested

- Portugal
- Sweden
- France
- Western Canada (Cascades)
- Finland

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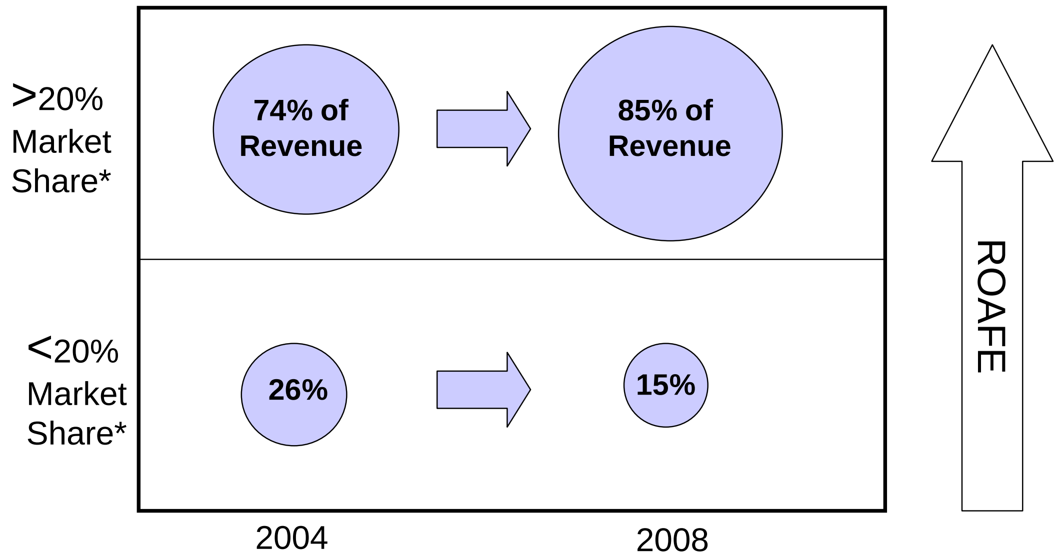
A summary of businesses acquired or divested in recent years is listed here. Exits include France and Finland, while we have recently built scale through acquisitions in Italy and Canada.

In-Market Scale



* Merchant market

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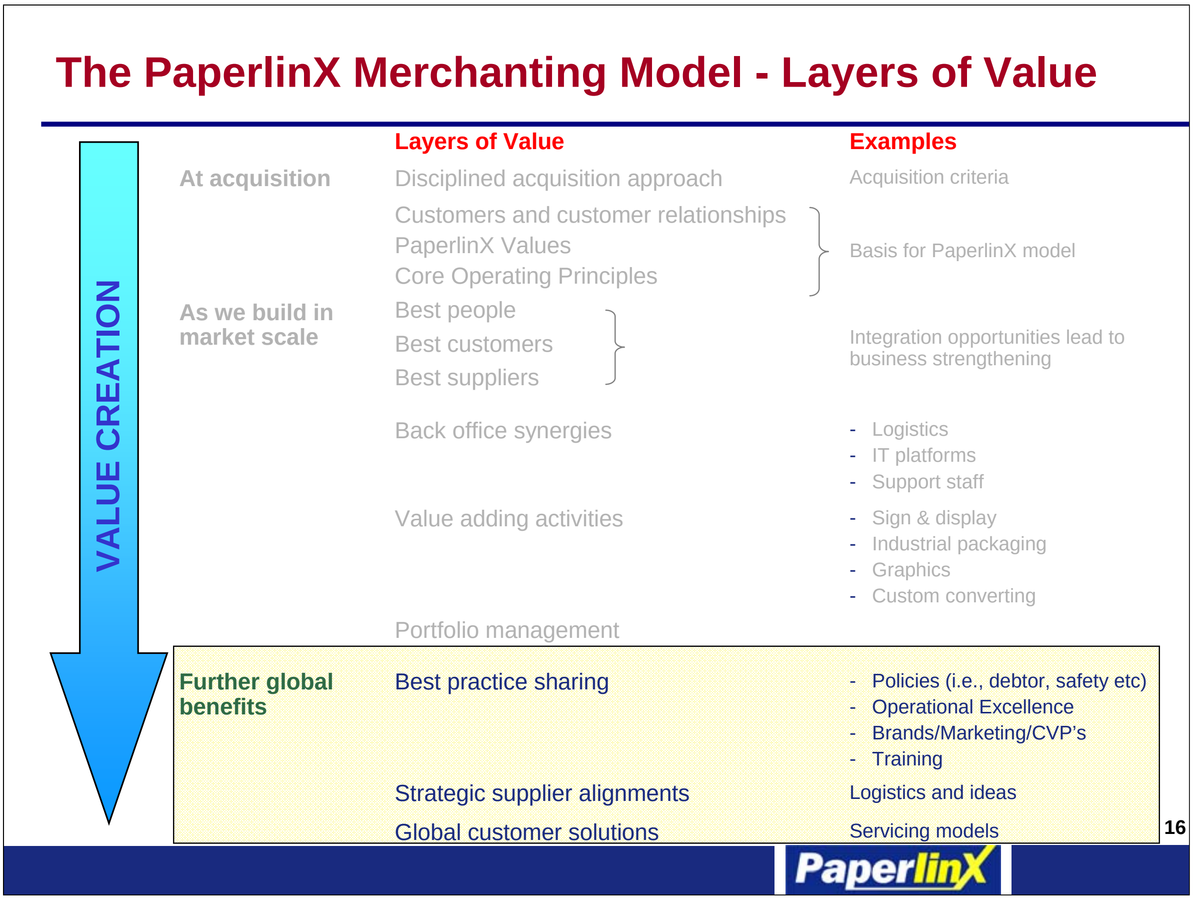
So within the measurable merchant market, which is a sub-set of the total market, we have followed our Core Operating Principle of "Strengthen then build off existing business platforms" to build in-market scale.

This chart shows that in 2004, 74% of our merchant revenue was in countries where we held over 20% of the merchant market. In the past three years this has grown to 85% of revenue in 2008 with a commensurate decline in our smaller positions to only 15% of revenues.

From all the reasons I have described, there is a healthy correlation between in-market scale of over 20% and a higher return on average funds employed.



But that is not the end of the story or the limit of the PaperlinX model, because we do also build real value from our global platform. Unlike the value inherent in customer relationships at the time of acquisition, there is minimal if any value on Day 1 from the global platform – it needs to be built piece by piece.

And it needs to be built in ways that enhance our in-market offerings and customer relationships, not detract from them. This is a constant challenge for our local and central people to effectively address. Common operating principles, training, functional affinity groups, KPI's, policies, and ultimately common values all support our evolution and desire to embrace the model for the benefit of our local customer base, our suppliers and increasingly for a global customer base.

Best Practice Sharing

Impact of Group Policies

	2004	2008
Debtor days	67.5	60.9
Inventory days	71.2	62.2
WC/Sales (%)	16.4	13.5
Safety (LTIFR)	10.3	4.9

Operational Excellence

- The Delivery Company
- Netherlands restructuring
- PaperlinX Office
- European and NA IT platforms
- Sales and Operations planning

Merchant Brands

Growth in 2008	10%
CAGR 2005-2008	>10%
% of Merchant volume	26%

Training

- Leadership, Economic Profit and Strategic Selling
- 1,000 employees to date
- 1,500 planned through 2008

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On this one slide I have reflected several hard earned improvements derived from our global platform. On the policy side, we seek to minimise the number, but fully support the global policies that drive our results.

Balance sheet items are very important to a merchant to both reduce risk and improve returns. PaperlinX Merchanting has a debtor book of around $1.4 billion so a reduction in debtor days from 67.5 to 60.9 is very important to us, as is inventory management, with inventory days down from 71.2 to 62.2. These reflect adherence to common policies and sharing of best practice. Equally, the reduction in the working capital to sales ratio from 16.4% to 13.5% is also important.

Our 2008 North American working capital numbers were generally sharper than these global figures, and are at 34.4 for debtor days, 69.8 for inventory days and a very sharp 9.8% WC/sales ratio.

As is the reduction in the lost time injury frequency rate by 51% from 10.3 per million hours worked to 4.9 as common beliefs and practices are brought into acquired companies. North American LTIFR for 2008 was 5.1.

Best Practice Sharing

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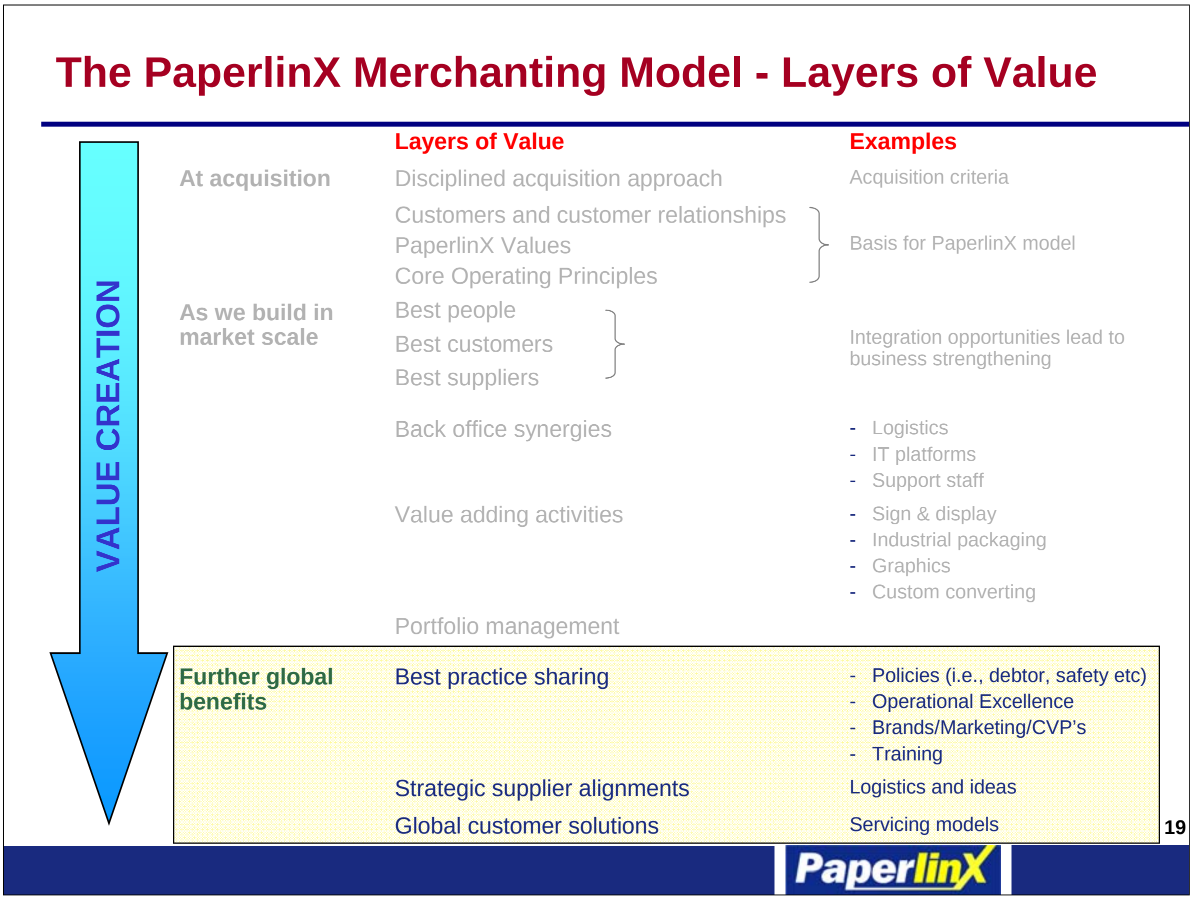
Our brand growth also reflects our customer's trust and reliance on our consistent product offerings. We target and have achieved over 10% annual growth, so our brands now represent over 26% of total merchant volumes. This is supported by a global alignment of our marketing leaders, unique and superior value propositions to our customers and strategic alignment with key suppliers to build markets together.

I have described previously the areas where we have shared best practice across the group to achieve operational excellence, and that these initiatives will deliver over $120 million incremental EBIT versus the 2005 year in 2009.

A heavy investment in training is consistent with our operating principles and helps people better understand each other to bridge the geographical divides. Our senior training has focussed on leadership and creating economic profit, while a terrific new sales training programme is increasing our skills to sell value propositions to our customers consistent with their unique needs as opposed to just discussing price.



And we are increasingly working with a few strategic suppliers to take costs out of the system, build ideas and unique products to better satisfy emerging customer needs, and align our teams in directions that will create value for both parties. This is an area I will comment more on in a few minutes.

And our global footprint, alignment with strategic suppliers, and knowledge of emerging needs is attracting global end users to work with us so they can better present their common image to the market, provide superior environmental or service options, and gain visibility of paper usage across borders. This is an exciting and emerging area for PaperlinX.

So that is the PaperlinX model to create value for customers, suppliers and our shareholders.

But… A Few Problems Exist

- End user project curtailment
- Reduced print work
- Overall financial stress
- Downturn exasperated by one-off inventory recalibrations
- Mill shuts to balance capacity/demand
- Faster pricing decisions / less reaction time
- Merchant inventory exposures

- Potential to pull alliances apart.

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But as I said at the beginning, this is not a good time in our industry. We all see a host of problems:

- End users are sporadically cutting print work or in fact in some cases overall promotion plans
- Financial stress cascades through the system, and is being magnified by inventory contractions that make sales appear lower than actual run rates
- Mills, particularly in North America but increasingly across Europe, are proactively balancing their capacity with demand and also accelerating implementation of pricing decisions which can leave merchants exposed on inventory positions.

All of this is known, but the effects are still to regularly challenge alliances through the supply chain with the risk of pulling healthy alliances apart.

Potential Issues

- Liquidity through the system
- Disintermediation / work arounds
- Shock inventory corrections
- Short term focus
- Price over quality or service
- Lack of trust and alignment

- Loss of value in the supply chain.

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This pressure on alliances also results from views of overall liquidity through the supply chain; where is the cash and how do I get more in my pocket?

This can lead to disintermediation of the system to pull costs out – not necessarily to add value however.

As players make independent decisions and inventory corrections then magnify the anxiety and stories of doom, it all seems to confirm the need for a short term focus and a market apparently demanding price over quality or service.

So the alignments built up and the trust created – both critical underpinnings of value creation – get challenged with a real potential to lose what value remains in the supply chain.

Potential Management Responses

- Drive for tonnage
- Cut or delay new projects and their funding
- Reduce management overheads:
  - People
  - Training
  - Systems
  - Development
- Ideas put on back burner.

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So how do we respond?

Most would say “Got to keep the tonnes up” – it’s our yardstick and it’s hard to break that approach (even if it causes a loss in overall value).

We all look at the longer term projects we can cut to reduce costs as well as all areas of management overheads. So ideas that are longer term naturally go onto the back burner.

These are often the same ideas that can put the value into the supply chain to insulate us from today’s issues.

Clearly survival is critical, but I’m here to hold up a mirror to all of us to put balance into our decisions.

An Alternate Model

- Idea driven
- Multiple partner dependant
- Utilise strengths through the supply chain
- Value creating and leveragable by end user.

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It's probably somewhat optimistic for me to propose an alternate model today because many of you are already there and we are all challenged to pursue this proposed model at this time in any case. But maybe we can revisit these thoughts over the coming months.

The alternate model is:

a model that is at its core, idea driven,

multiple partner dependent,

using all the strengths of all the players in the supply chain to deliver on the idea,

and clearly creating value that is truly leveragable by the end users or ultimate consumers.

That's some dream.

Some Examples – Food For Thought

Yoyo	UK and Europe rollout
Reflex	Australian Office Paper
Oakley	North America (with Sappi)
Recycled CWF Grades	Branded around the world (with Burgo)

PaperlinX

To stimulate your thinking, I'll briefly discuss 4 ideas PaperlinX is currently working on around the world. I will not cover everything in my slides but the detail is there if you want it. I also know that you all have similar or better ideas, so I'll quickly cruise through this section to begin to make my point.

It's important to note that no example is deliverable by only one player in the supply chain – they all require idea partnership to derive full value.

yoyo

yoyo paper always comes back

yoyo paper always comes back · paper is good waste is bad

First yoyo – yoyo is a revolutionary new way of dealing with paper that saves organisations money and reduces their impact on the environment.

yoyo paper always comes back

Why yoyo?

- The Business Papers market is becoming increasingly inhospitable for paper merchants
  - disintermediation by large reseller customers
  - reseller customers approaching our traditional end user business
  - pressure on consumption
- yoyo enables us to add value to our proposition, increase loyalty with existing end user customers and attract new end user business

paper is good waste is bad

So why yoyo:

The Business Papers market is becoming increasingly inhospitable for paper merchants

- disintermediation by large reseller customers
- reseller customers are approaching our traditional end user business
- there is real pressure on consumption.

So yoyo is built on the idea that paper is good, waste is bad.   yoyo enables us to add value in the supply chain, increase loyalty with existing end user customers and attract new end user business.

yoyo paper always comes back

How does it work?

- Before launching the service, we provide offices with:
  - yoyo branded floor and desk bins - making recycling easy
  - a supply of sacks to collect the waste in the floor bins
  - a pallet box that is stored close to the paper delivery point and where full sacks of waste are deposited
- When we deliver office paper to organisations, we collect the pallet box full of sacks of waste paper and supply a new pallet box for future collections.
- The waste collected is transported to our partner paper mill using backfill logistics and used to produce yoyo full circle 100% recycled paper.

yoyo paper always comes back.

paper is good
waste is bad

The simple idea is to deliver office paper, collect the waste and put that waste back into the paper to give a full circle, visible and transparent, recycled copy paper for an end user.

Branding, logistics, mill collaboration and fact based quantification is all critical here. We have tested the model and it is working with some very big and some smaller UK customers.

Importantly, everyone gets the idea and it makes sense.

yoyo…the perfect match

- Paper Survey - one of the first steps is to audit an organisation’s paper usage and disposal procedures.
- Proposal – a full report is then supplied to the organisation detailing the selection of products and services that are most appropriate as well as highlighting problem areas eg paper waste
- Management Information - we continue to help reduce paper waste and reduce costs by providing detailed reporting and ongoing advice on paper usage reduction.

A fact based approach is at the core of the proposition from the customer’s paper survey, the proposal and ongoing tracking to identify areas for improvement.

yoyo…the papers

yoyo paper always comes back

yoyo full circle – our 100% recycled paper range produced in Europe using paper that yoyo customers have used in the past.

yoyo fresh – our virgin fibre range of high quality papers, all produced using fibre sourced from certified and sustainable sources.

yoyo paper always comes back

paper is good
waste is bad

Yoyo full circle and yoyo fresh are the papers and brands.

yoyo…the disposal options

yoyo recycle – our standard recycling service. All paper goes straight to the recycling plant after being baled. Suitable for non-confidential waste paper

yoyo recycle plus – a safer way of disposing of used paper where both confidential and non-confidential documents are shredded prior to being sent for recycling

yoyo confidential – a tailored service with a fully certified process for exceptionally sensitive documents.

And disposal options for waste reflect the varying needs of our customers and are priced accordingly.

So – the idea is to create a unique value in a supply chain that has been losing value for almost everyone involved, by supplying a personalised environmental offering that can only exist with true merchant, mill and end-user partnership. Neither player could have done it themselves and our enquiries in the UK from advertising on Sky News are running ahead of our capacity to handle them. Importantly, as end users are qualified and join the programme, their satisfaction seems very high.

And our people are proud of what they have created from adversity.

Merchant – Mill Aligned Brand Growth

Value Propositions:

- Unique product offering
- Global availability
- Consistent brand development approach
- Capability for global customer alignment
- Integrated service offerings.

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Next is an example of merchant-mill aligned brand growth.

So why should a mill help a merchant build a global branded presence with a unique mill product?

The components of this story revolve around the overall value proposition that can only be built with a real partnership, and the well above average growth that both parties can create as a result.

The value proposition here requires:

- A unique product offering
- Global availability
- A consistent brand development approach
- Capability for global customer alignment
- And integrated service offerings.

Merchant – Mill Aligned Brand Growth

Benefits:

Mill	☑ Immediate global distribution ☑ Consistent demand
Merchant	☑ Unique value added offerings ☑ Customer satisfaction
Both	☑ Growing brand equity ☑ Secure value propositions

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The benefits are:

For the Mill	☑	Immediate global distribution
	☑	Consistent demand
For the Merchant	☑	Unique value added offerings
	☑	Customer satisfaction
Both	☑	Growing brand equity
	☑	Secure value propositions

Merchant – Mill Aligned Brand Growth

Example: PaperlinX and Burgo

- Recycled grades:
  - Global availability
  - Brand strength:
    - Endeavour – North America
    - Revive – Europe / UK
    - Monza – Australia / NZ / Asia
- Ongoing product development
- Strong volume development:
  - Estimate +40% volumes in 4 years
  - Since strategic supplier relationship confirmed.

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Let me show you an example with PaperlinX and Burgo. The arrangement here is focussed on recycled CWF grades which Burgo provides globally to PaperlinX. We then brand the products with clear value propositions around the world, while Burgo gets rapid global distribution, good end user demand and market intelligence leading to continued product development.

The result is a substantial volume and rapid volume growth which is currently accelerating as the brands and value propositions get established and a growing trust in the strategic partnership builds.

I will say, and the numbers bear me out, that these types of partnerships do take a couple of years to really get moving, and we have had our hiccups, but once momentum behind the brands builds, the volumes and value also flow.

PaperlinX Office

The third example is about investing in value creation in the face of enormous price pressures.

PaperlinX Office is our office and stationery products business in Australia, with products sold from our Australian mill, self manufacture or imported.

Since 2004, the appreciation of the Australian dollar has resulted in the average FIS price premium against lowest price imports for the core copy paper brand Reflex® to be regularly above 30%.

That is a major price premium for copy paper because imports to Australia are effectively priced in US$, and the A$ rose versus the US$ from 60¢ to 95¢ in this period. That was a lot of pricing to eat so we were forced to try another approach.

Key Strategies – Copy Paper

FY05 – FY08	FY09 - Beyond	
1. Improve product quality, specifically whiteness, packaging.	1. Brand Investment.	
2. Strengthen brand positioning on Reflex.	2. Improve product quality	] Pulp] Mill
3. Promote Environmental credentials.	3. Take Environment leadership.	] Focus
4. Build product and product differentiation.	4. Channel Specific Promotions.	
5. Build value proposition around Brands and Service.	5. Channel management – own >90% of volume of key player in each Channel.	
6. Hire high calibre Sales/Marketing/Logistics personnel.	6. Over deliver on service advantage versus imports.	

PaperlinX Office

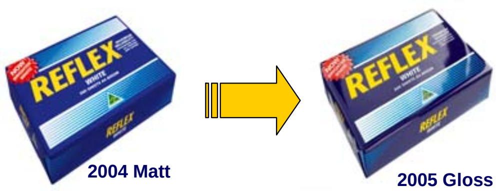
Brands. Range. Service.

Key strategies to address this massive issue were founded upon investment in competitive strengths – in this case quality, image, environmental credentials, local business partnerships and service.

But in all cases we chose to lean forward rather than just accept our fate.

Quality Improvement – Key Strategy

- Whiteness to 150 to ensure Reflex brands in top quartile of colour quality.
- Supported with dedicated communication campaign promoting improved whiteness.



- Improved perception of Reflex as being the whitest Office Paper from 46% of consumers to 70% after the campaign (TNS research).
- Matt wrapper to gloss wrapper to reinforce premium position.

PaperlinX Office   Brands. Range. Service.

First a core product characteristic – whiteness – was improved and advertised on TV. We saw improved perception of Reflex as being the whitest Office Paper from 46% of consumers to 70% after the campaign was completed.

Wrappers were upgraded to reflect the improvements.

Strategy : Strengthening Brand Positioning To Bullet Proof Our Reflex® Brand on key product Attributes

	Consumer Benefit	Reason Why	Communication Strategy
Quality - Appearance	*"You Can Always Rely on Reflex to Impress"*	Reflex is now brighter white	 
Quality - Performance	*"For Better Performance Always Rely on Reflex"*	Unlike other office papers, Reflex is the premium quality that will not jam.	
Quality - Recycled	*"Always Rely on Reflex Recycled"*	Reflex Recycled is a premium white recycled paper that does not compromise on whiteness or brightness	

PaperlinX Office

Brands. Range. Service.

And a variety of critical consumer benefits including appearance, reliability and environmental credentials were all advertised to strengthen the Reflex brand.

That is a fairly heavy multi-million dollar investment in the face of a growing price gap – not an easy call.

Build Brand Differentiation

Brand Map

REFLEX

- Developing new logo & pack design
- Move up to 50% Recycled
- Relaunch premium range (replace Colour Laser & Presentation)

PaperlinX Office

Brands. Range. Service.

The range was also extended and coordinated to meet customer needs.

PPXO Environment Credentials

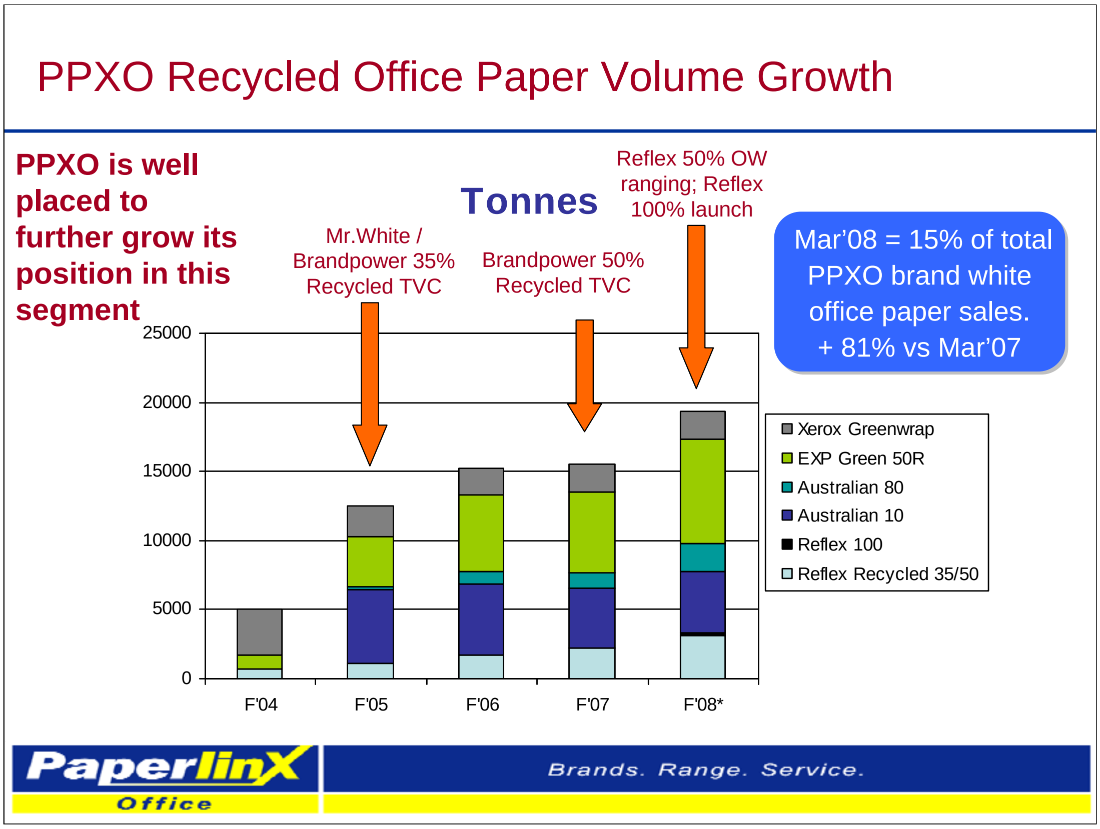
Continuous Improvement

F’05 → F’06 → F’07 → F’08

PaperlinX Office

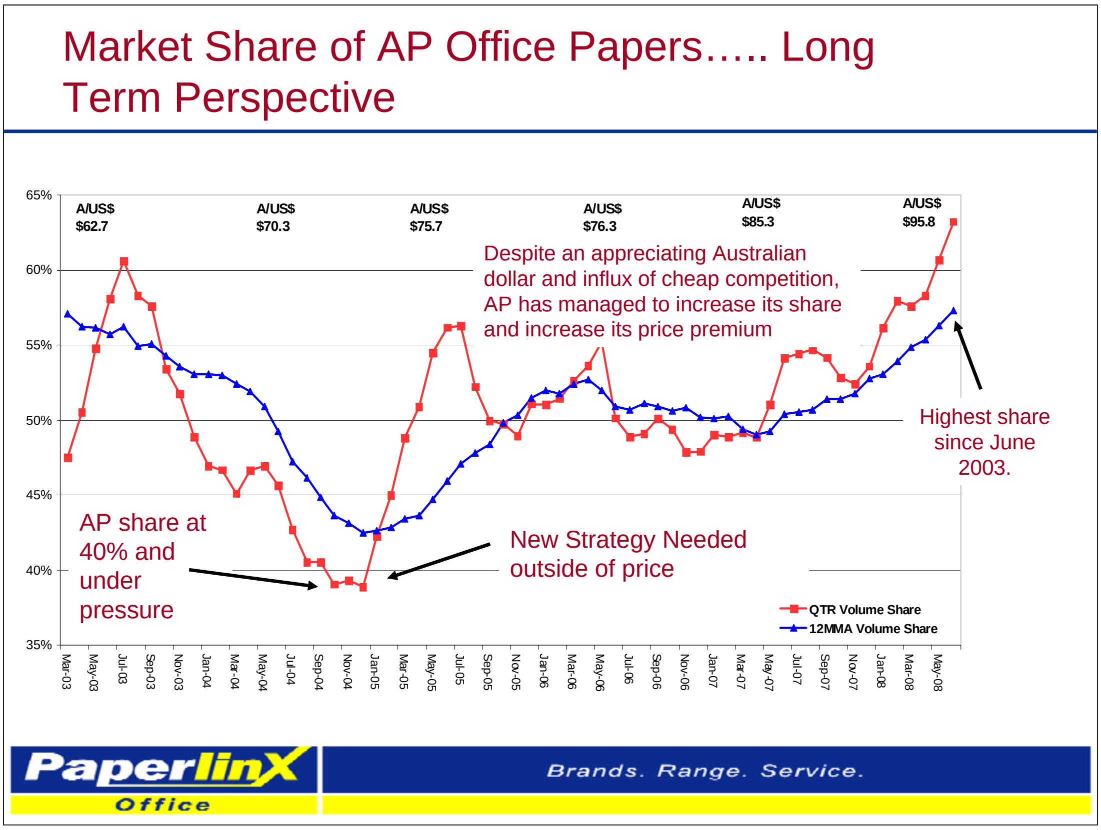
Brands. Range. Service.

And as the environmental grades grew, they lifted the total brand awareness and value.



You can see the growth of environmental grades on this chart. Rapid growth in awareness and volumes followed fortunately.

We also had terrific support from a major customer over this period. They pushed the unique environmental story from Australian Paper to their benefit and have also awarded AP Supplier of the Year Honours for three of the past four years.



So, the punch line on our value story:

A business in trouble with under 40% market share in 2004 facing a steep rise in the A$ effectively reducing the price of imported competition and offering a growing and very high price differential also managed to grow market share to over 60% during this period with the help of a visionary customer, strong investment in quality, the brand and superior service.

The good news is that after all that commitment and heartache the A$ has recently fallen versus the US$, our major pulp mill upgrade is complete which further improves costs, environmental credentials and brightness, and we expect to make increasing profits in coming years off this healthy platform.

Objectives:

- Enhance brand through consistency
- Optimize supply chain through vendor partnerships with Mill/Merchant/Printer

  Transparency of program through reporting/compliance

SPICERS PAPER
a different kind of merchant™

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The last story is close to home, very direct, but also clearly based on a shared vision through the supply chain and fact based decisions.

Oakley has a powerful brand image and needs consistency in presentation of that image to its customers. That required a coordination of mill, merchant and printer, and an ability to monitor and track the delivery of that consistent approach. Again not just a story, but one backed up with fact and process.

Solution:

- Brand consistency through single mill: SAPPI
- Established transparent pricing for all printers on program products
- Created differentiated reporting tools to captivate required data (monthly/quarterly)

SPICERS PAPER
a different kind of merchant™

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Sappi worked with Spicers in this instance, and as an aside is a terrific partner to PaperlinX globally, particularly in Europe where our brand Hello has regularly been voted the top CWF brand.

The programme with Oakley took some time to create and install but is based on consistent paper, transparent pricing and unique tools to capture and track data on a regular basis. These deliverables are all there to provide value to Oakley and require all parties to play an open and diligent role. In this case that has happened and I believe Oakley has benefited accordingly.

I have no doubt there are many similar stories in this room, but so there should be because these are ways we need to create value in the overall supply chains.

Conclusions

- Layers of Value:
  Value for customers, PaperlinX, suppliers
- Financial stress = alliance stress
- But not enough value to divide up right now, so:
  - Measure partners on quality of value add
  - Future based on quality of ideas
  - Multi-partner supply chain ideas are most sustainable

Smile, think and win together

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PaperlinX

So how do I summarise that tour through the PaperlinX merchanting model and the value ideas I've touched on?

First the layers of value. What helps translate a fairly straightforward value creation strategy to in-market results is a core belief across PaperlinX that:

Our business is founded upon a respect for the people, customer relationships and uniqueness of our local businesses…

And a fundamental belief in the value to be added from our global skills, capabilities and desire to improve.

Our people and our model:

- Respects local customer relationships
- Leverages global ideas, capabilities and scale; and
- Actively seeks collaboration to create ideas and value for PaperlinX, our suppliers and our customers as a whole.

Conclusions

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  Value for customers, PaperlinX, suppliers
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Smile, think and win together

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PaperlinX

But our industry is also in strife – and utopian thoughts needs translation into reality. I challenge all of us to build value creation into that reality because the simple fact is that there is currently not enough value in the chain for anyone to deliver a proper return – so my final thoughts are to:

- Measure partners on the quality of value add they provide
- Define a future based on the quality of ideas not just price
- Recognise that multi-partner supply chain ideas (which are the most difficult to create) are also the most sustainable

Thanks for your attention.

Remember: Smile, think and win together.