

PaperlinX Limited

**Full Year Financial Results
1999 / 2000**

PaperlinX

Highlights

- ✓ Proforma net profit after tax for the year was \$86.9m - ahead of prospectus forecast of \$85.5m.
- ✓ Dividend of 5 cents per share, fully franked, for three months to 30 June 2000.
- ✓ Reduction in funds employed to \$1,495 million.
- ✓ Strong balance sheet.

Highlights

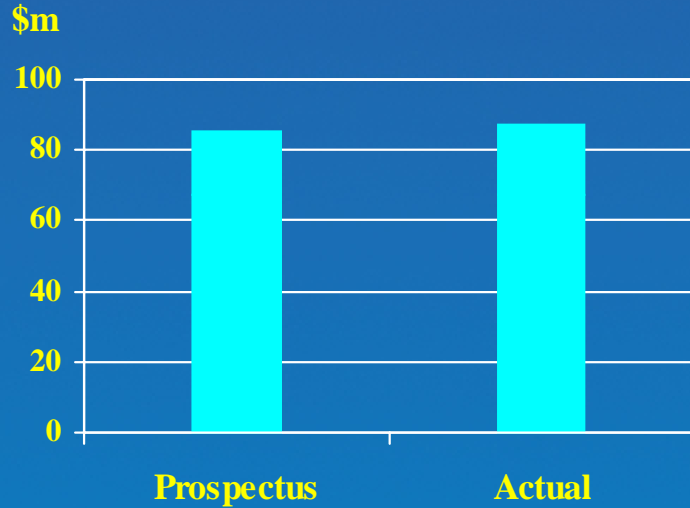
- ✓ Record sales and production volumes, profit, return on investment.
- ✓ Continued improvement in safety and environment performance.
- ✓ Excellent performance of Maryvale 5 paper machine.
- ✓ Successful launch of high quality coated papers.

Background

- PaperlinX listed on the Australian Stock Exchange on 17 April 2000 following demerger from Amcor.
- “Proforma” recasts results as if existing business structure operated for full year to 30 June 00.
- Statutory results include:
 - Plantations from 01 April 2000
 - Tasmanian assets from 01 April 2000
 - Investment in Spicers Paper from 01 April 2000
 - Public company costs from 01 April 2000
 - Interest / tax as a separate company from 01 April 2000
- **This presentation is “proforma” data.**

Key Results - Proforma

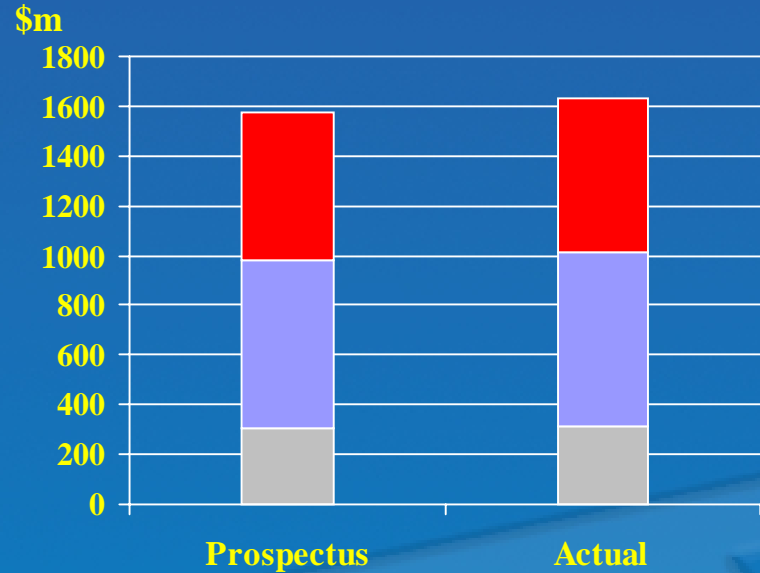
Proforma Net Profit After Tax



Prospectus 99/00: \$85.5 million

Actual 99/00: \$86.9 million

Proforma Sales



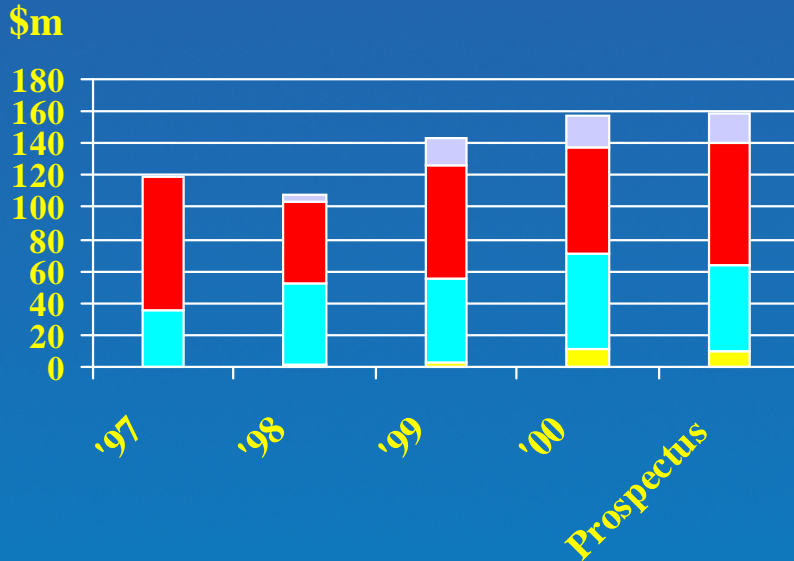
- Communication Papers - Merchenting
- Communication Papers - Australian Paper
- Packaging Papers
- Other

Prospectus 99/00: \$1,562 million

Actual 99/00: \$1,586 million

Key Results - Proforma

Proforma Profit Before Interest & Tax



Prospectus 99/00: \$158.6 million

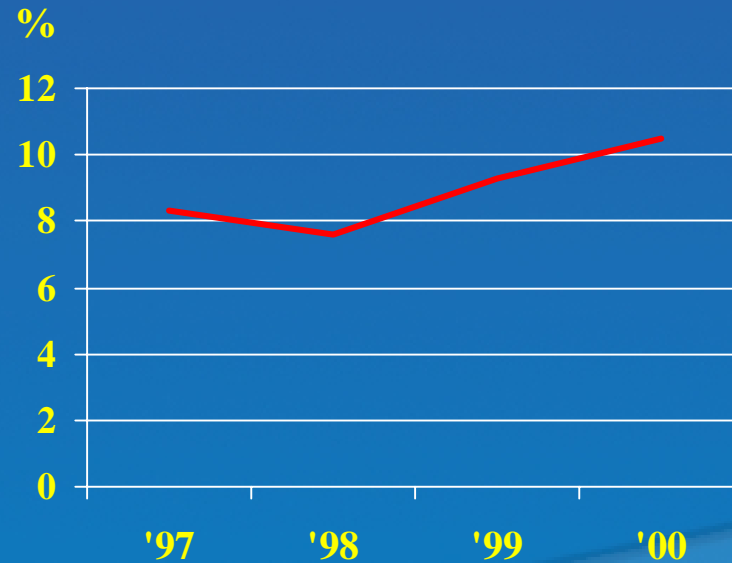
Actual 99/00: \$156.8 million

Key Variances:

- Lag in recovering increased pulp costs.
- Packaging Papers volume
 - Inventory reduction
- Strong export packaging papers prices.
- Communication Paper volume
 - inventory reduction

Key Results - Proforma

Proforma ROFE % Trends



Prospectus 99/00: 10.4 %

Actual 99/00: 10.5%

Key Financial Statistics - Proforma

		<u>Prospectus</u>	<u>Actual</u>
Profit After Tax*	\$m	85.5	86.9
Earnings per share*	cps	33.3	33.8
Return on Shareholders Equity*	%	9.0	9.2
Net Interest cover	x	3.9	4.3
PBIT* / Funds Employed	%	10.4	10.5

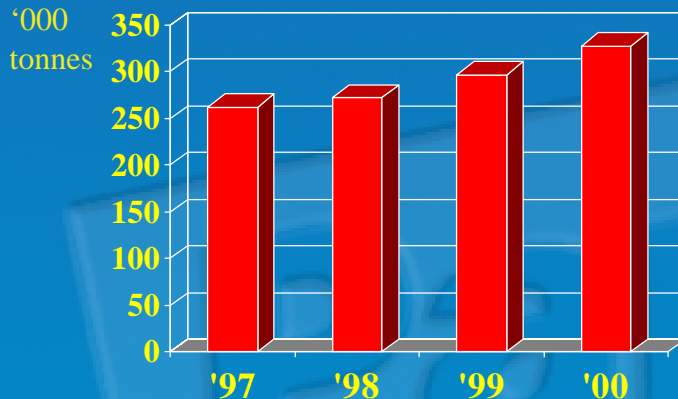
* before abnormals

Communication Papers - Merchanding

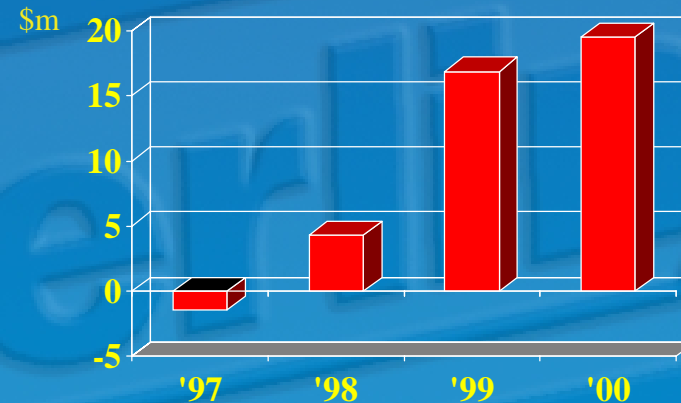


- Record:
 - sales of 327,700 tonnes, \$619 million
 - major gains in publishing papers, coated papers, cutsize office papers
 - PBIT \$19.5 million
- Continuing program of cost reductions.

SALES VOLUME



PBIT



Communication Papers -



- Record sales of 477,400 tonnes, \$701 million:
 - REFLEX™ continues to be copy paper brand leader
- PBIT impacted by imported pulp cost:
 - Lag between historic relativity of pulp costs and paper selling prices
 - June 2000 price increase restores relativity
- Record communication paper production:
 - 466,000 tonnes, up 8%
- Excellent results from completed major capital expenditure:
 - Maryvale 5 produced 149,000 tonnes
 - Launch high quality coated paper: “New Impress”
- 10% of sales are export.

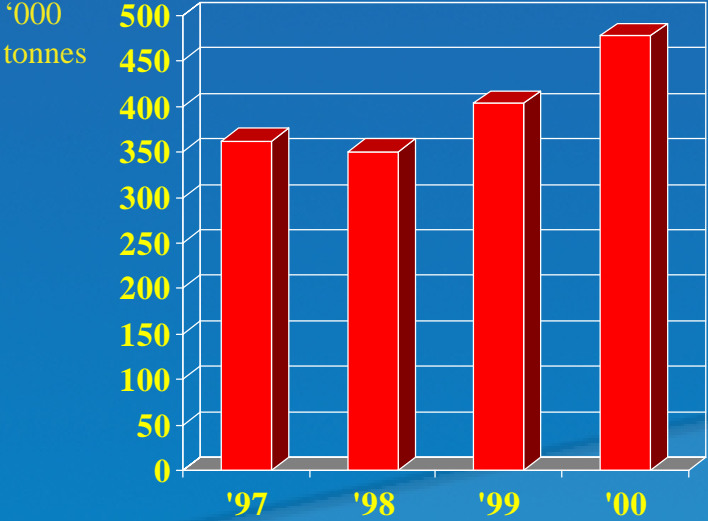
Communication Papers - Selling Price Movements

July '99	Office Papers	↓ 4%
Dec. '99	Specialty, Forms, Security	↑ 5%
Jan. '00	Packaging – Bleached/Brown Papers	↑ 3.5% to 6%
Feb. '00	Office Papers	↑ 4%
April '00	Communication Papers (excl. office)	↑ 5%
June '00	Communication Papers (incl. office)	↑ 5% to 10%
	Packaging – Bleached	↑ 5%
Sept. '00	Office Papers	↑ 6%

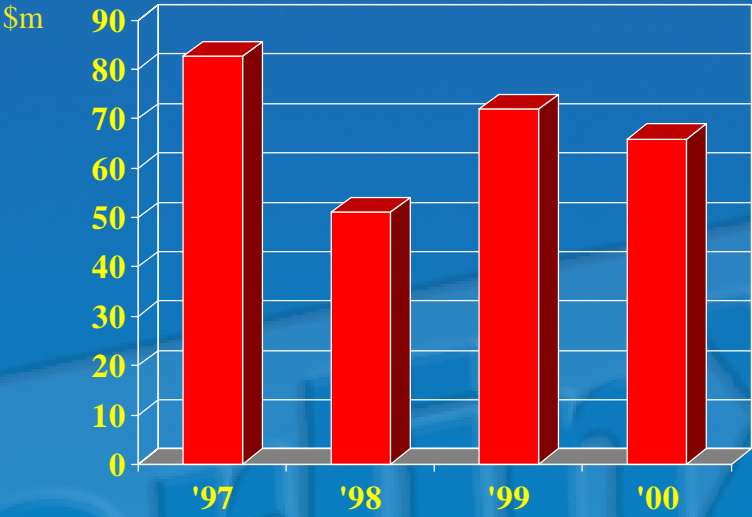
Communication Papers -



SALES VOLUME



PBIT

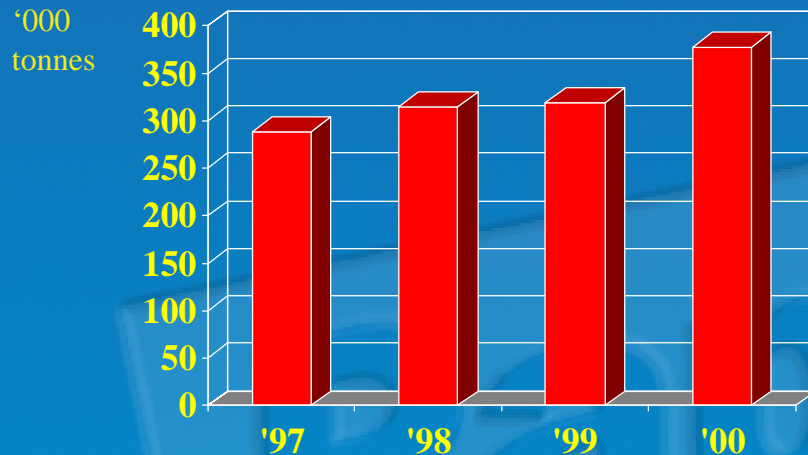


Packaging Papers -

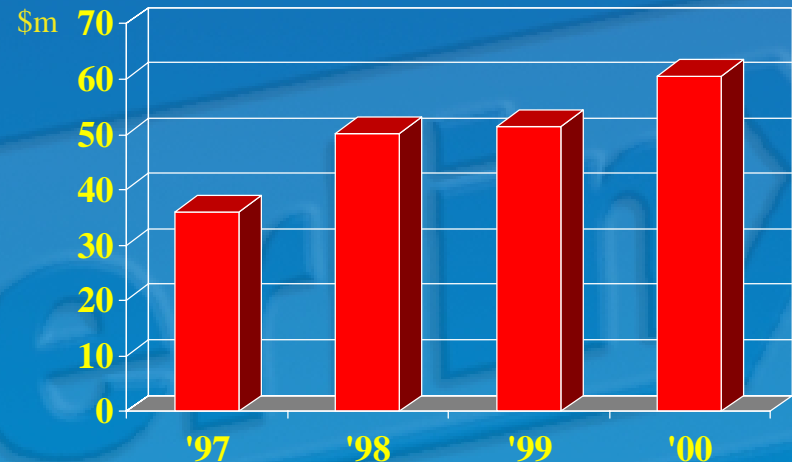


- Strong domestic & export demand:
 - record sales of 373,500 tonnes, \$310 million
 - including stock reduction
 - 10% of sales are export
- Record production volumes - up 7% to 341,000.

SALES VOLUME



PBIT



Investments / Other Businesses

* Sales \$383 million

*PBIT \$11 million

Trading

- Record results.
- Pacific Paper Marketing (paper trading):
 - record sales of 391,000 tonnes
 - predominantly Asia, Americas
 - strong market allowed clearance of stocks
 - strong international paper demand
 - developed new markets in USA, Latin America, UK, Sri Lanka
- Amtrade (raw material trading):
 - strong demand in all markets, Aus, NZ, Europe, China
 - record sales: \$167 million



Investments / Other Businesses



**Australian Paper
Plantations Pty. Ltd.**

- Record harvest including 367,000m³ plantation sawlogs.
- External sales of \$21 million.
- Planted 2,660 hectares, harvested 1,790 hectares.
- Achieved ISO14001:
 - environmental management system accreditation

Investments:

Spicers Paper

- 42% owned.
- Spicers reported PAT \$26.1 million:
(49% improvement over prior year)

Proforma Financial Summary - 99/00

		<u>Prospectus</u>	<u>Actual</u>
Net profit after tax*	\$m	85.5	86.9
Earnings per share	cps	33.3	33.8
Dividend (fully franked)	cps	5.0#	5.0#
Capital Expenditure	\$m	54	54
Funds Employed	\$m	1,527	1,495
PBIT*/Funds Employed	%	10.4	10.5
Net tangible asset per share	\$	3.52	3.54

* before abnormals \$24.6 million

3 months to June '00

Proforma Financial Summary - 99/00

		<u>Prospectus</u>	<u>Actual</u>
Shareholders Equity	\$m	944	947
Return on Shareholders Equity	%	9.0	9.2
Debt	\$m	583	548
Debt/Equity	%	62	58
Net interest cover	x	3.9	4.3

PaperlinX

Outlook 2000 / 2001

- 1999/2000 encouraging - can build on this performance through:
 - strong market positions of main paper products
 - good operating performances of all businesses
 - benefits of completed major capital investment
 - sound balance sheet

- Prospectus forecast:
 - PAT \$100.2m
 - EPS 39cps
 - Dividend 27cps

Growth Drivers

- Paper Production:

- 99/00 exported 97,000 tonnes ⇒ redirect to domestic
- M5 potential = 180,000 tonnes
- M3 now at full production
- more profitable product mix

- Merchants:

- focus on growth segments - office papers, printing & publishing
- expand major supply relationships
- continue supply chain initiatives

Agreements / Alliances

- Enterprise Bargaining Agreement.
- REFLEX™ brand extension.
- Suppliers:
 - TXU: long term gas supply
 - transport / long haul
 - maintenance
- Specialty and packaging papers in customer own brands.

e-commerce

- Evolution of customer relationship.
- Established B2B with large customers.
- e-commerce platform well advanced:
 - Merchants to printers; office stationers / suppliers
 - order entry
 - order status
 - invoicing
 - catalogue

Challenges

- Imported pulp cost increases:
 - Paper selling prices to follow pulp cost trend.
- Australian economy / International economy.
- Competition.

PaperlinX

Future

- Merchant / distribution focus.
- Strategic alliances with paper manufacturers.
- Leverage brands.

PaperlinX

PaperlinX is linking customers and brands through world class merchanting, distribution and manufacturing businesses ...

... to ensure strong and growing returns for our shareholders ...



... and we've only just begun ...