



Interim Results
2001/2002

February 2002

Economic Background

- Global economic slowdown
- Falling business confidence
- Corporate collapses
- Falling demand and strong competition
- Lower paper price volatility

Result Summary

- ✓ Strong results
- ✓ Benefits of business mix
- ✓ Good returns to shareholders
- ✓ Have positioned to take advantage of future economic recovery

Highlights

- ✓ Revenue of \$1,519m, ↑ 80%
- ✓ Profit before interest and tax of \$112.8m, ↑ 21%
- ✓ Net profit after tax of \$64.8m, ↑ 24%
- ✓ Return on average funds employed of 13.2%
- ✓ Earnings per share of 20.1 cents on higher capital base
- ✓ Interim dividend of 13.0 cents per share fully franked

Developments during period

- ✓ Sale of Australian Paper Plantations
- ✓ Sale of chemical trading business, Amtrade
- ✓ Sale of Edwards Dunlop and Commonwealth Paper
- ✓ Restructuring paper merchants in Australia

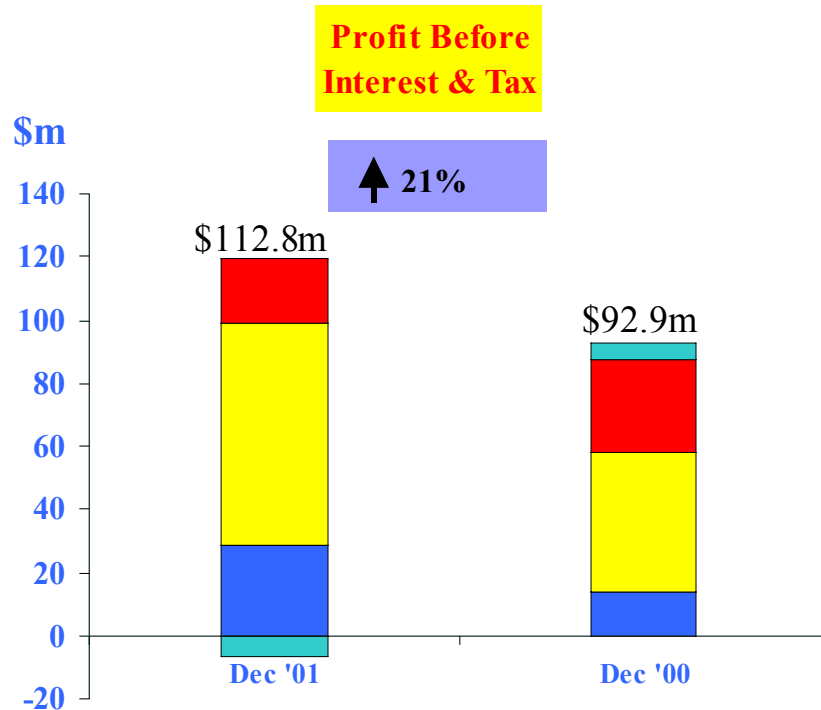
Key Financial Statistics

		December <u>2001</u>	December <u>2000</u>	
Revenue	\$m	1,519	842	↑ 80%
Profit before interest, income tax, depreciation and amortisation	\$m	149.7	119.9	↑ 25%
Profit before interest and income tax	\$m	112.8	92.9	↑ 21%
Profit after income tax	\$m	64.8	52.1	↑ 24%
Earnings per share	cps	20.1	20.3	
Return on average shareholders equity	%	10.9	10.8	
PBIT/Average funds employed	%	13.2	12.1	
Net Interest cover	X	6.1	5.1	
Dividend - fully franked	cps	13.0	13.0	

Financial Summary

		December <u>2001</u>	June <u>2001</u>
Capital Expenditure (excluding acquisitions)	\$m	33.3	48.5
Capital Expenditure (including acquisitions)	\$m	33.3	373.1
Average Funds Employed	\$m	1,608	1,868
Net tangible assets per share	\$	3.07	2.99
Shareholders Equity	\$m	1,203.8	1,177.7
Net Debt	\$m	404.4	690.7
Net Debt / Equity	%	33.6	58.6
Net Debt / Net Debt & Equity	%	25.2	37.0
Cash Flow from Operations	\$m	165.1	197.3

Key Results - PaperlinX Operating Earnings



■ Merchants ■ Communication Papers
■ Packaging Papers ■ Other

December 00: \$92.9 million
December 01: \$112.8 million

Key Variances:

- Benefits from lower imported pulp costs and stable paper selling prices
- Weaker global and Australian economic conditions
- Lower domestic packaging offtake
 - higher exports
- Impact of acquisition of Spicers Paper and Coast Paper and divestment of businesses

Other/Financial

		6 months <u>Dec 01</u>	6 months <u>Dec 00</u>	Change <u>%</u>
Sales Revenue	\$m	204	136	50
Profit before Interest & Tax	\$m	(7)	5	-

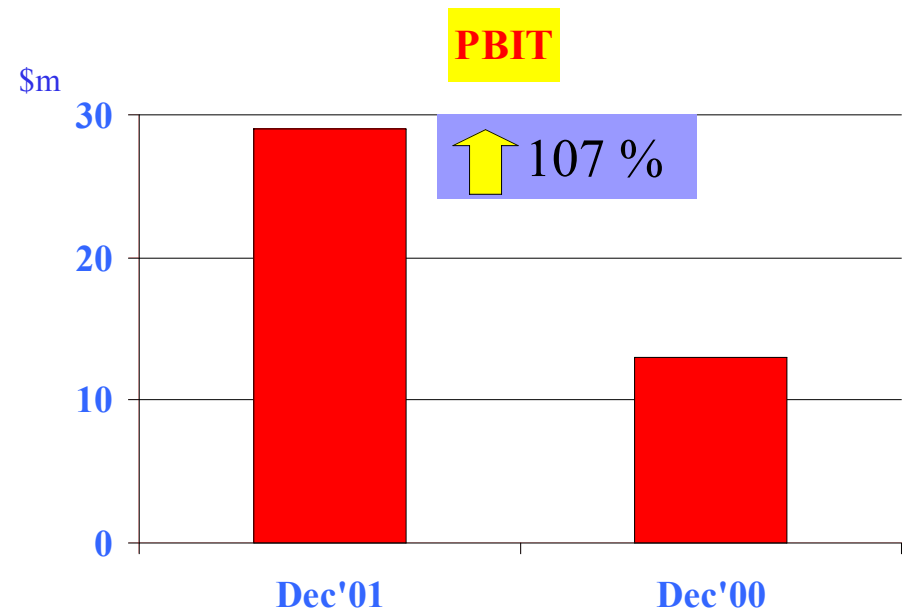
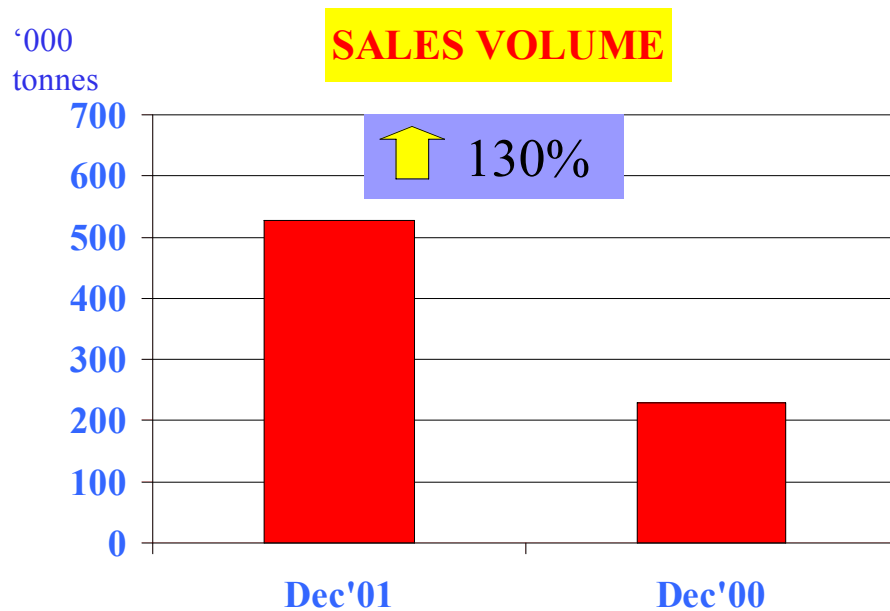
- Divested during period
 - Amtrade Australia and New Zealand (15/10/2001)
 - Australian Paper Plantations (30/8/2001)
 - Edwards Dunlop and Commonwealth Paper (13/9/2001)
- Corporate Costs and Stationery/Envelopes remain

Balance Sheet

- Established long term debt financing

Merchanting and Paper Trading

		6 months <u>Dec 01</u>	6 months <u>Dec 00</u>	Change <u>%</u>
Sales Revenue	\$m	1,098	408	169
Profit before Interest & Tax	\$m	29	14	107
Sales Volume	'000 tonnes	527	229	130



Merchanting and Paper Trading

Australia

- Revenue up reflecting acquisition of Spicers Paper
- Impact of lower levels of demand and highly competitive market
- Margins impacted by product mix
- Restructuring of Australian Merchants

Merchanting and Paper Trading

New Zealand

- Resilient economic conditions and demand
- Strong competitive position
- Benefits of restructuring in May 2001

Asia

- Weak economic conditions
- Focus on costs improves returns

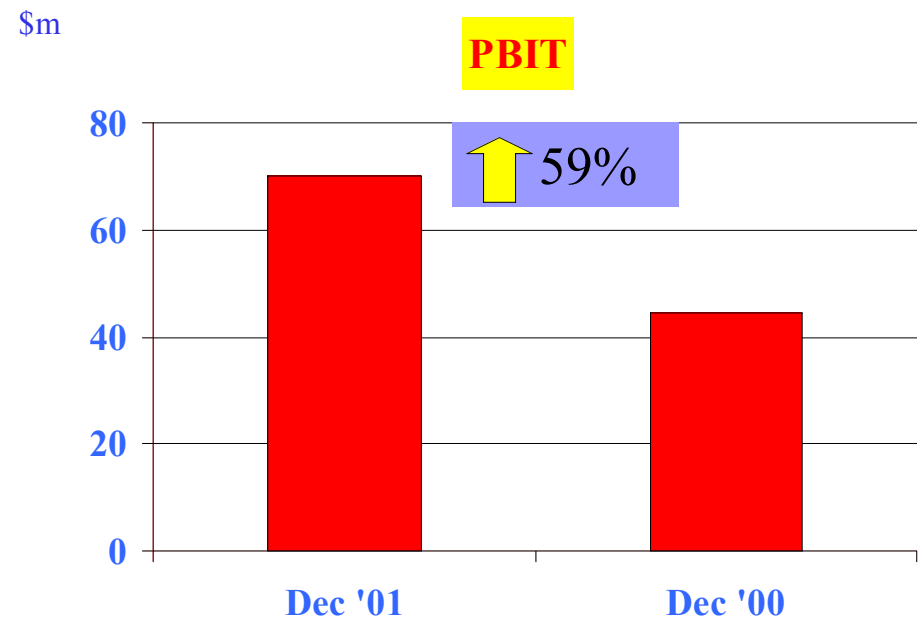
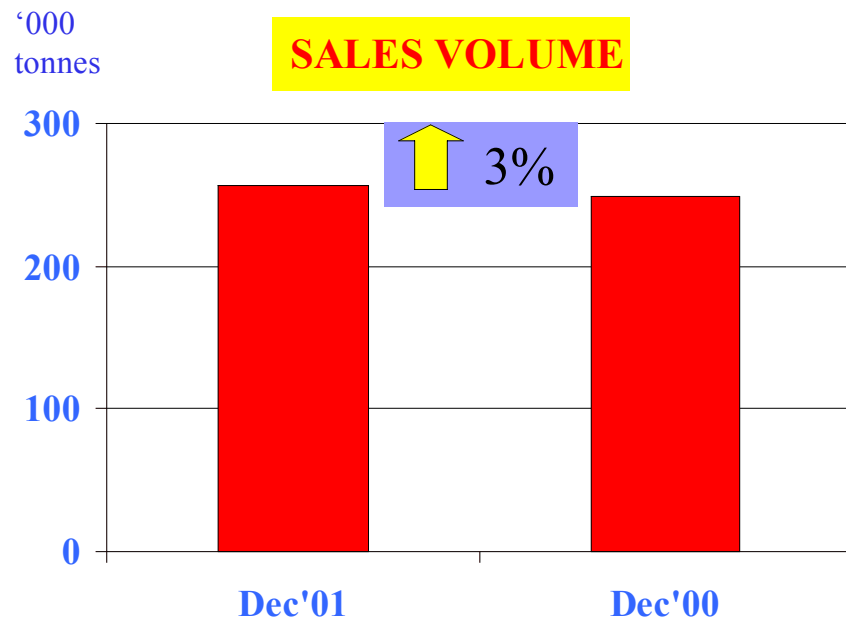
Merchanting and Paper Trading

North America

- Weaker economic conditions and demand
- Growing market share
- Margins and volumes
- Greenfield in Kansas
- Growth opportunities

Communication Papers

		6 months <u>Dec 01</u>	6 months <u>Dec 00</u>	Change <u>%</u>
Sales Revenue	\$m	420	404	4
Profit before Interest & Tax	\$m	70	44	59
Sales Volume	'000 tonnes	256	249	3
- Australia / New Zealand	%	88	97	



Communication Papers

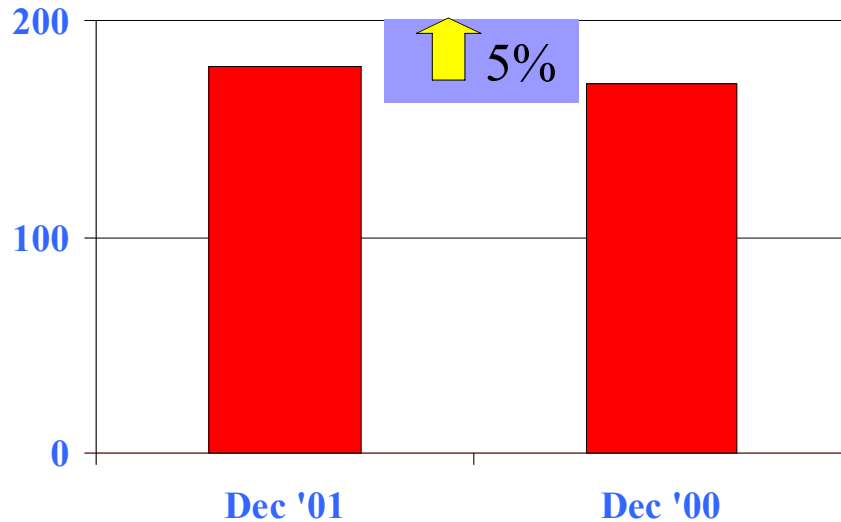
- Stable paper selling prices
- Imported pulp costs at cyclical lows
- Record production levels
- Low \$A and pulp costs support higher export levels
- Strong focus on operational excellence
- Flexible and responsive service focus

Packaging Papers

		6 months <u>Dec 01</u>	6 months <u>Dec 00</u>	Change <u>%</u>
Sales Revenue	\$m	144	140	3
Profit before Interest & Tax	\$m	21	29	(28)
Sales Volume	'000 tonnes	179	171	5
- Australia / New Zealand	%	75	87	

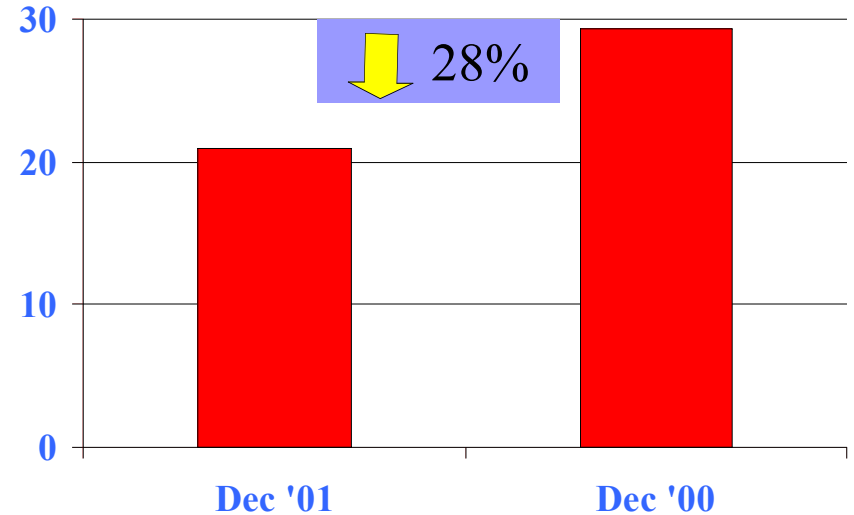
'000
tonnes

SALES VOLUME



\$m

PBIT



Packaging Papers

- Amcor
- Higher export volumes
- Lower export selling prices
- Operations

Strategy

- Focus remains unchanged
 - Australasian merchants build on strong market positions
 - North America and Europe remain of key interest for international growth in merchanting as appropriate opportunities arise
 - Asian merchants focus on returns
 - Australian Paper to build on its significant Australasian position in white Communication Papers and brown Packaging Papers

Business Outlook

- Benefits from Australian merchant restructuring
- Imported pulp costs look stable for the near term
- Paper selling prices stable
- Future clearly dependent on economies over next 6 - 12 months
- Well positioned for future growth and economic recovery

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 ...



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