Presentation to the Macquarie Conference

6 May 2010

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Presentation Sequence

- PaperlinX Overview
- 2010 Interim Result Overview
- Market Indicators
- Strategic Progression
- Strategy and Focus
- Summary

Context

- For the past year we have been focused on resolving a number of key internal structural issues
- This has taken a great deal of management time, effort and resilience
- At the same time our industry suffered a significant fall in demand as a result of the global financial crisis
- We are now at the final stages of what will be a major company transformation

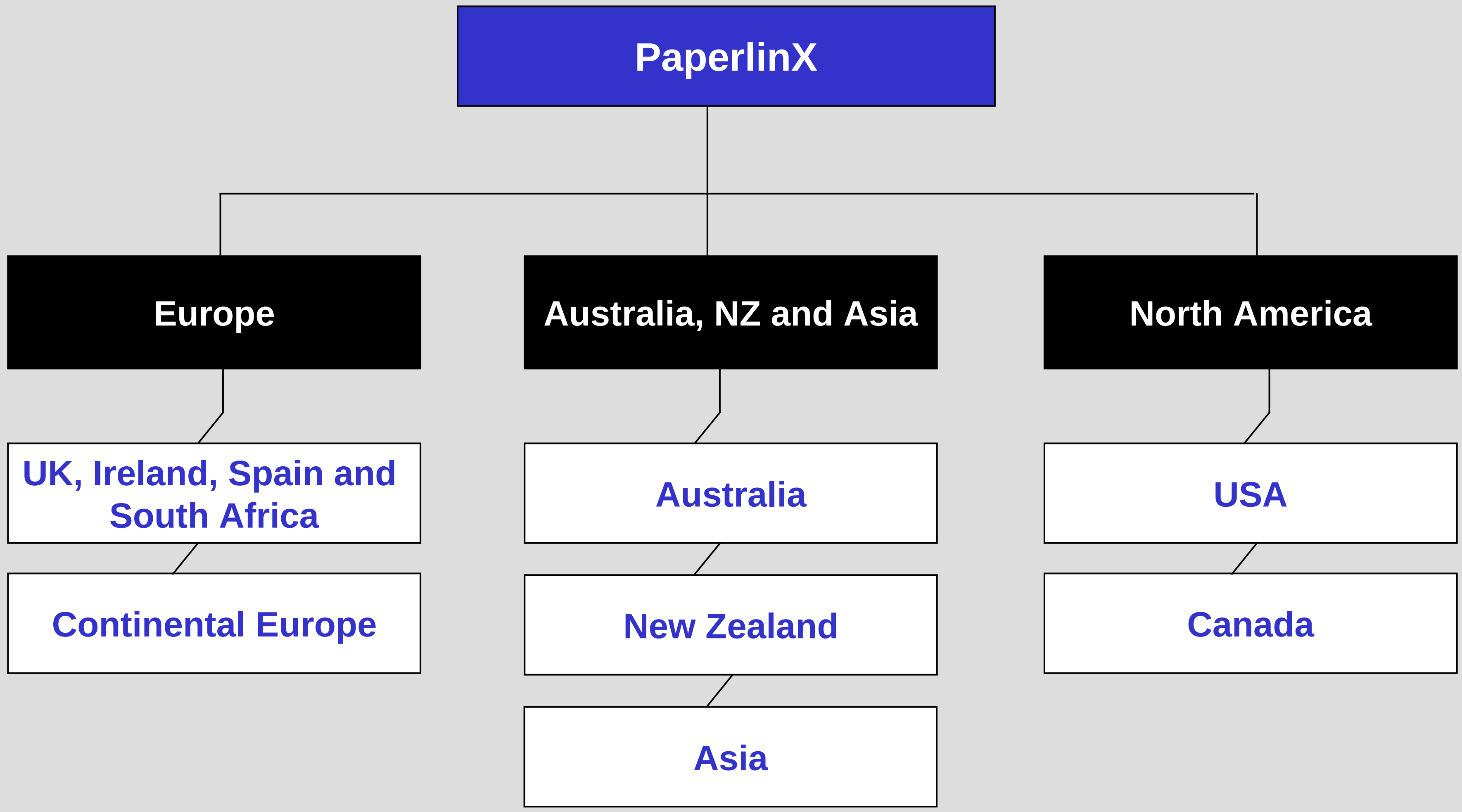
In the past year we have…

- Restructured our business and reduced risk
  - Sold Australian Paper (excluding Tasmanian operations)
  - Closed or announced the closure of our Tasmanian Paper manufacturing business
  - To become a pure play global merchant
- Completely reshaped our balance sheet
  - Reduced gross debt by over a billion dollars
  - Replacing all of our syndicated bank debt and US private placement notes with regional asset backed facilities
- While continuing to drive operational efficiencies
  - Reduced head count, costs and working capital

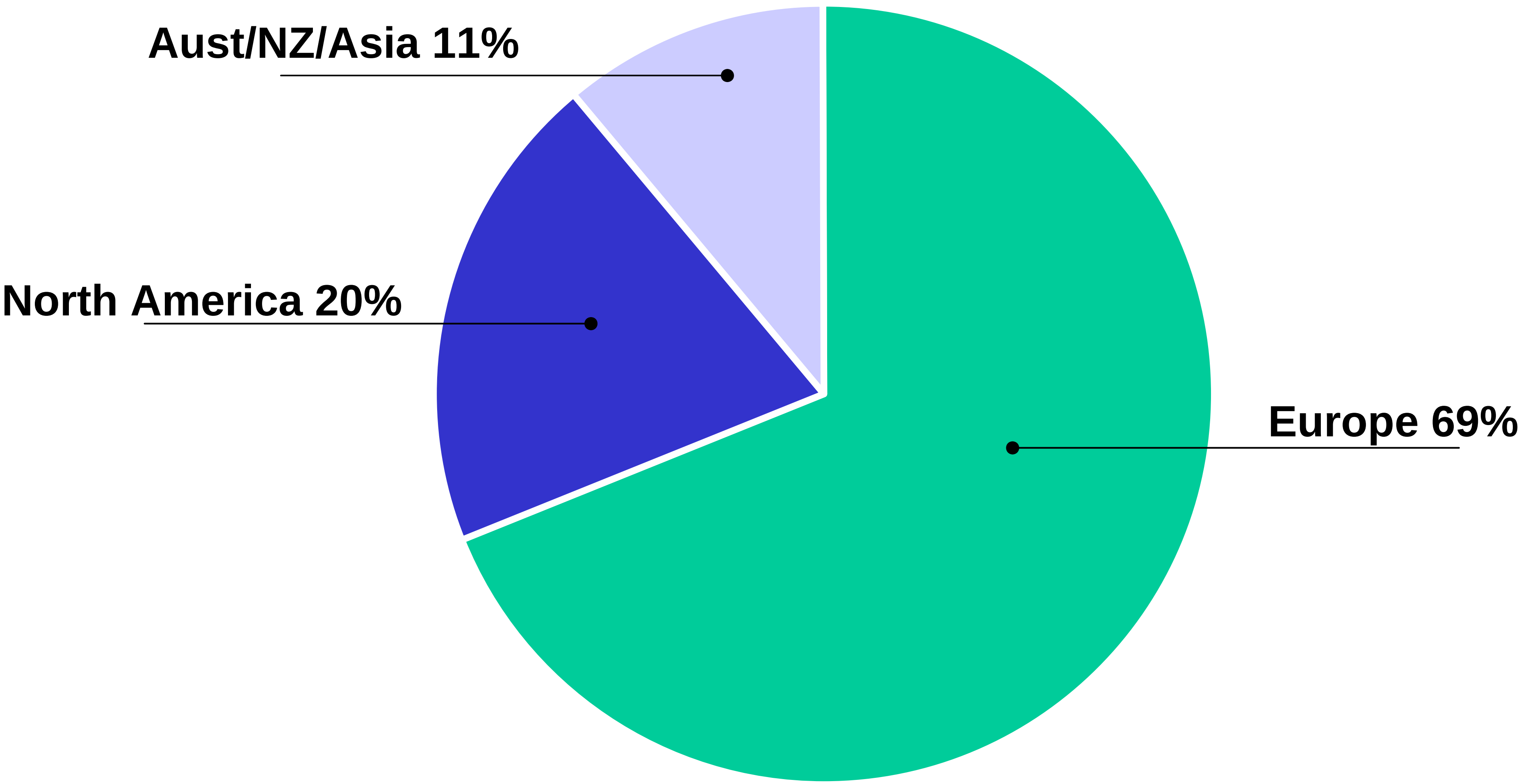
PaperlinX as a Global Merchant

- Leading global paper merchant with significant market shares in key markets
- Growing non-paper contribution to compliment core paper distribution activities
- 45 operating companies in 26 countries
- Annual sales of about $6 billion
- Paper sales volumes of around 3 million tonnes per annum
- Employee numbers around 6,700

PaperlinX Group Structure



Merchanting Sales Revenue by Geography



Merchanting - Europe

Merchanting - North America

Merchanting - Australia, NZ and Asia

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Overview of 2010 Interim Results

- Revenue of $2.7 billion was down 28% and volume of 1.5 million tonnes was down 24%, due to the sale of Australian Paper and the impact of weak markets
- Continuing EBIT, excluding significant items, was $11.7 million, while Total Group EBIT was $(5.6) million
- The reported after tax loss of $(175.3) million, included after tax significant items of $(148.8) million relating to the exit from paper manufacturing
- Net working capital decreased by 36% versus December 2008
- Average working capital/sales reduced to 18.3% (from 18.7% pcp)
- Period end net debt moved to $251 million from $1,062 at December 2008, with gross debt of $526 million, $1,518 million at December 2008

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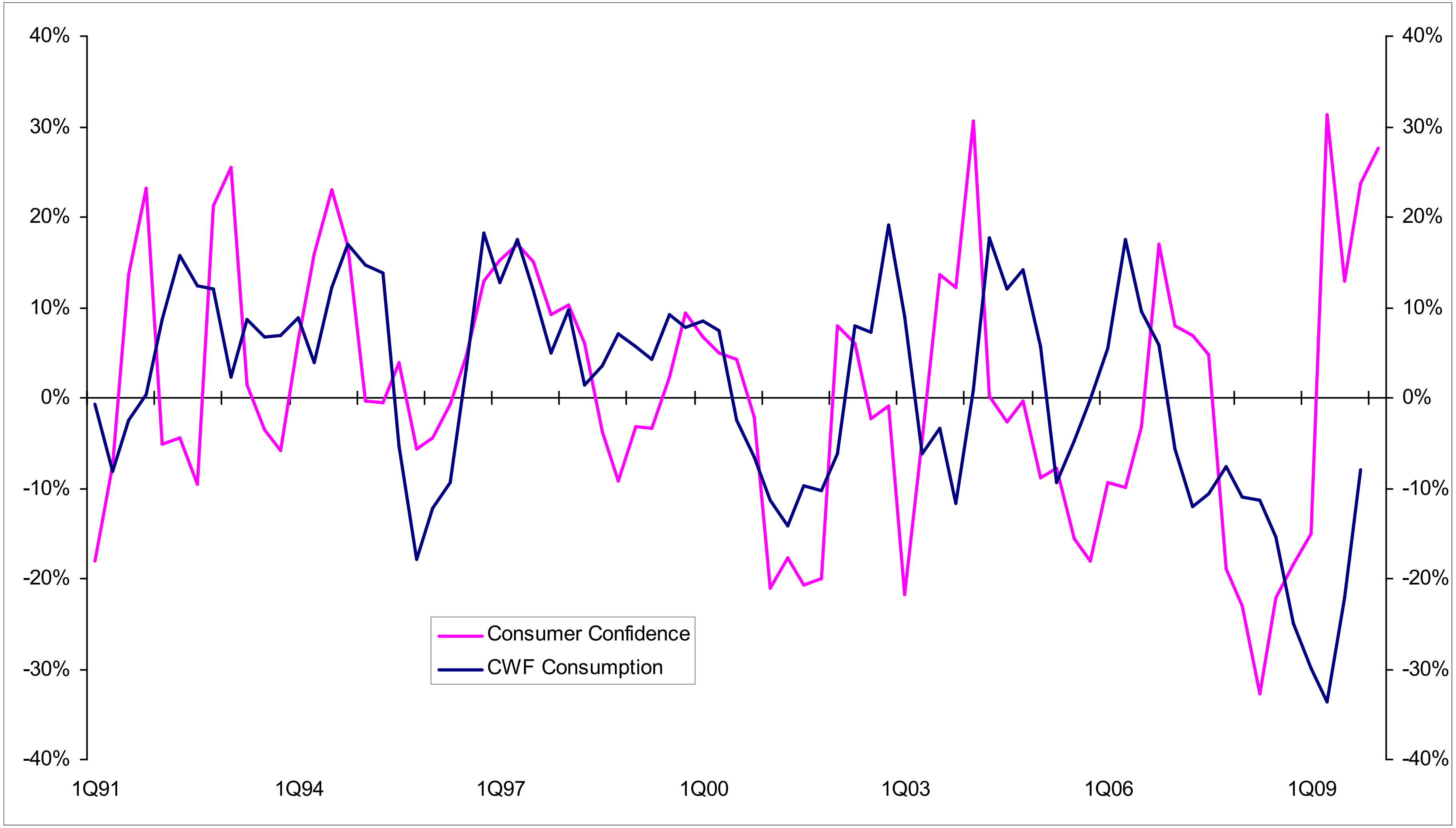
Confidence and Coated Woodfree Demand

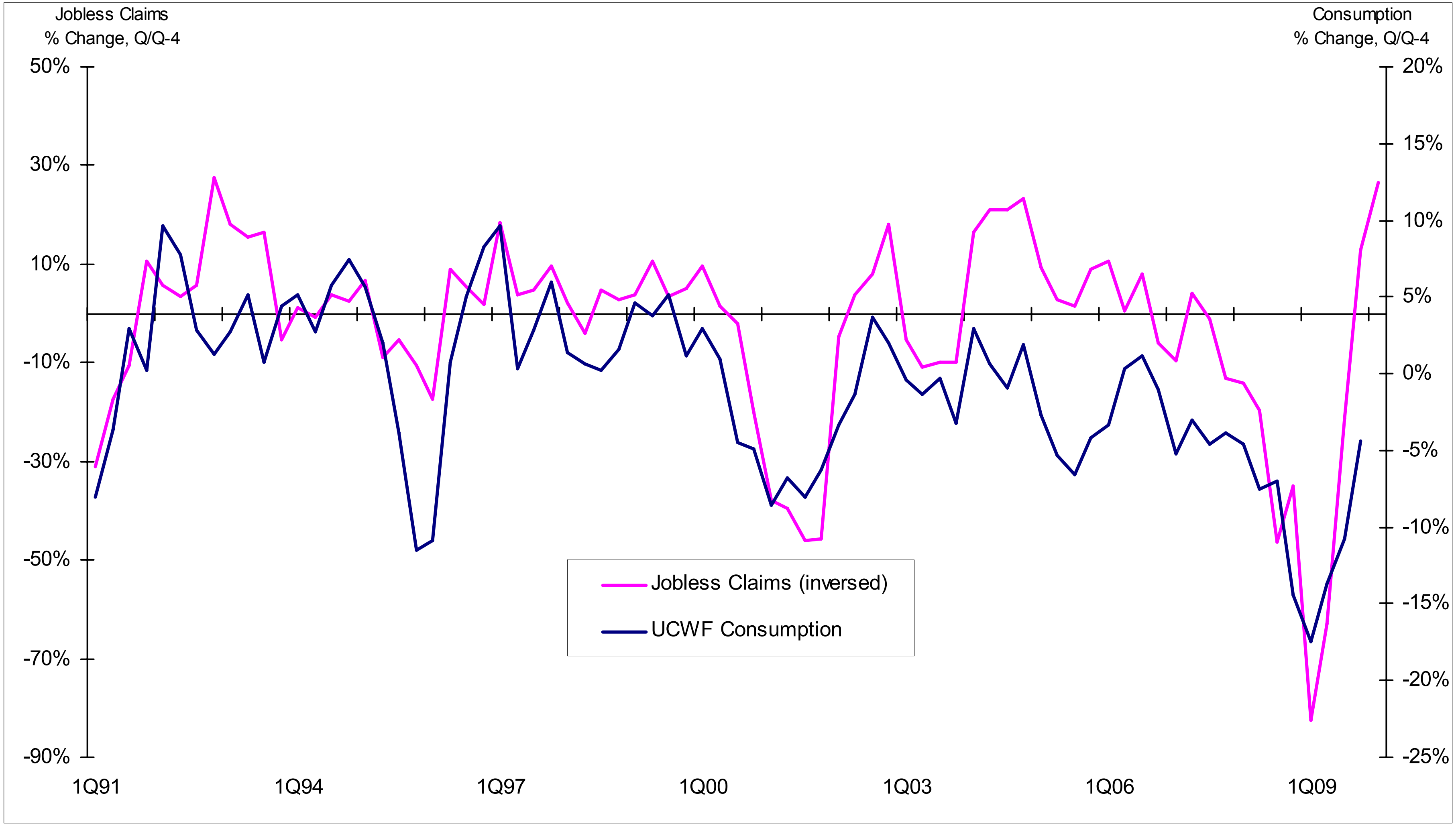
Coated paper consumption lags changes in consumer confidence



Data source: Bloomberg and RISI

Jobs and Uncoated Woodfree Demand

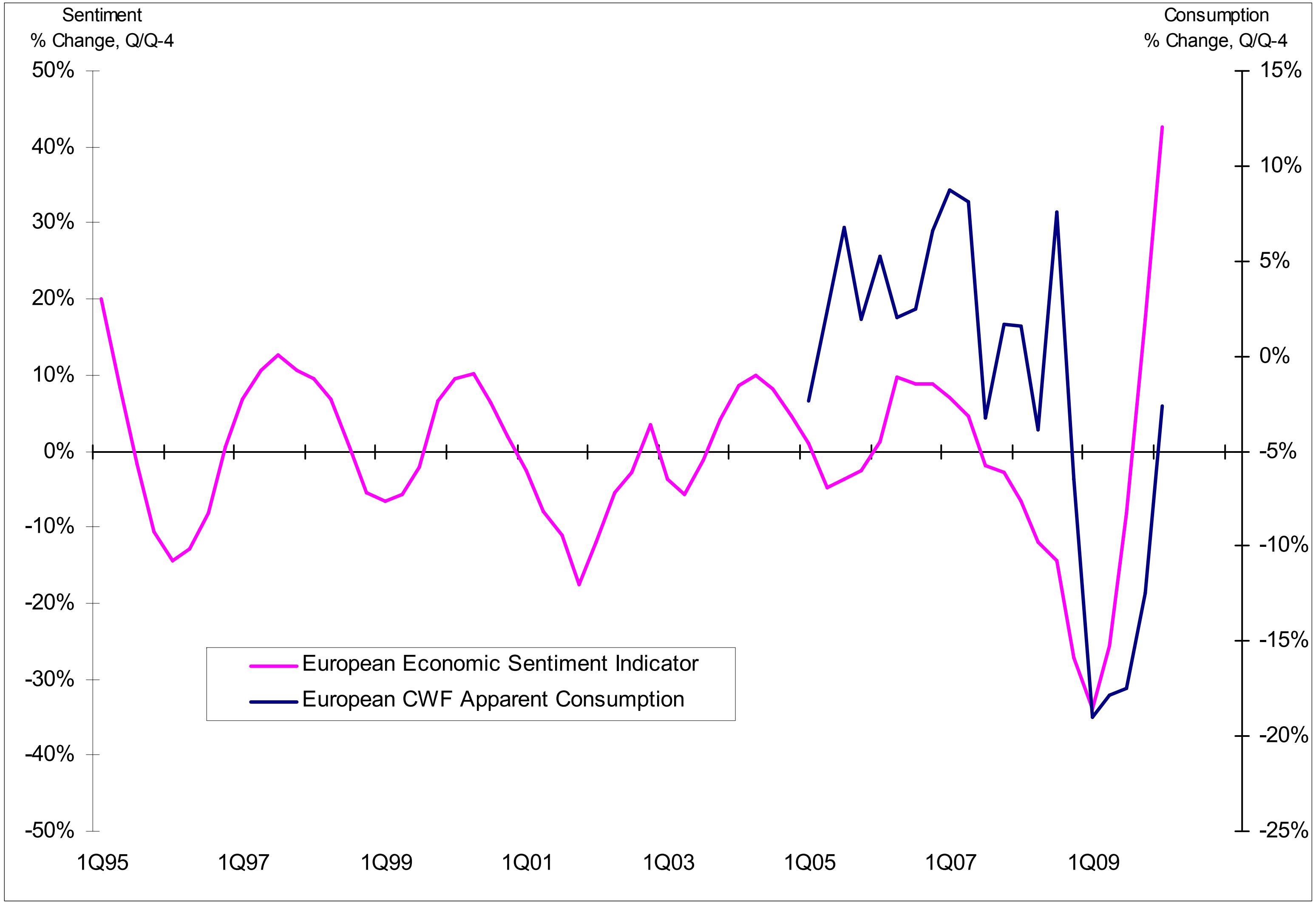
Uncoated paper consumption correlates to changes in employment



Data source: Bloomberg and RISI

Market Forecasts: Lead Indicators – CWF

Change in economic sentiment indicator is a lead indicator in CWF apparent consumption



Data source: European Commission and RISI

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Strategic Progression Update

- Business restructure:
  - Exited Australian manufacturing:
    - Sale of Australian Paper completed May 2009
    - Tasmanian exit to be completed by June 2010
  - Tasmanian exit:
    - Closures on track with December 2009 estimate (timing and costs)
    - Closure of remainder of Burnie Mill announced 13 May
    - Reduced currency exposure following exits
- Debt reduction
  - Reduced gross debt by $992 million (65%) since December 2008
    - Sale of Australian Paper and other assets
    - Reduction in working capital
    - Cash freed up around the Group from improved cash management
    - Reduction of bank syndicate and USPP noteholder debt by two thirds since December 2008 ($1.14 billion to $414 million)
  - Further reductions in gross debt in 2H10 to ≤$400 million.

Strategic Progression

- Debt refinancing well progressed:
  - Asset based lending provides more appropriate structure:
    - Greater flexibility to manage cash during monthly cycle
    - Interest cost to reduce to $20-25 million range on an annualised basis
    - Improved currency alignment of borrowing – natural hedge
    - Tenure of around three years
  - New facilities established in New Zealand, Australia, Canada and USA
  - Repayment of bank syndicate and USPP noteholder debt is positive:
    - Remove $27.7m of advisor and waiver charges over past 12 months
    - Substantial release of time to focus on business
    - Reduce absolute funding costs
    - More appropriate geographic alignment of borrowings
  - Target completion by financial year end.

Borrowing Facilities

	Existing borrowings (as at 31 Dec 2009)
Banks	A$252
Notes	A$162
Historic lender group	A$414
Other facilities	A$112
Total Gross Debt	A$526[1]

	New Facilities		
Receivables Facilities	**Facility Size**	**A$ Equiv.**	**Comment**
Australia	A$80m	A$80m	Complete
NZ	NZ$35m	A$30m	Complete
Canada	C$50m	A$55m	Complete
US	US$40m	A$45m	Complete
Additional receivables facilities	TBA	A$280m est	Under negotiation
Additional inventory facilities	TBA	A$50m	Complete
Other facilities (Incl. Overdrafts)	Various	A$220m	
Total		**A$760m[2]**	

1. Drawn debt levels beyond December 2009 has been reduced by further scheduled repayments to existing lenders

2. These facilities on average are likely to be drawn between 70 – 80% and are subject to availability of receivables and inventory

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Strategy and Focus

Increased Value Add

In-market scale	Best people Best customers Best suppliers	- Integration opportunities lead to business strengthening - Existing Infrastructure supports growth of non-paper activities
Portfolio management	Grow in key markets Exit unsustainable positions	- Supports in-market scale benefits - Removal of poor performers improves portfolio returns
Cost management	Back office synergies	- Logistics - IT platforms - Support staff
Balance sheet management	Working capital management Refinancing Debt Reduction	- Increased cash efficiencies - Local management of funding - Lower financing costs
Global benefits	Best practice sharing	- Policies (i.e., debtor, safety, inventory, etc) - Operational Excellence - Brands/Marketing/CVP's - Training
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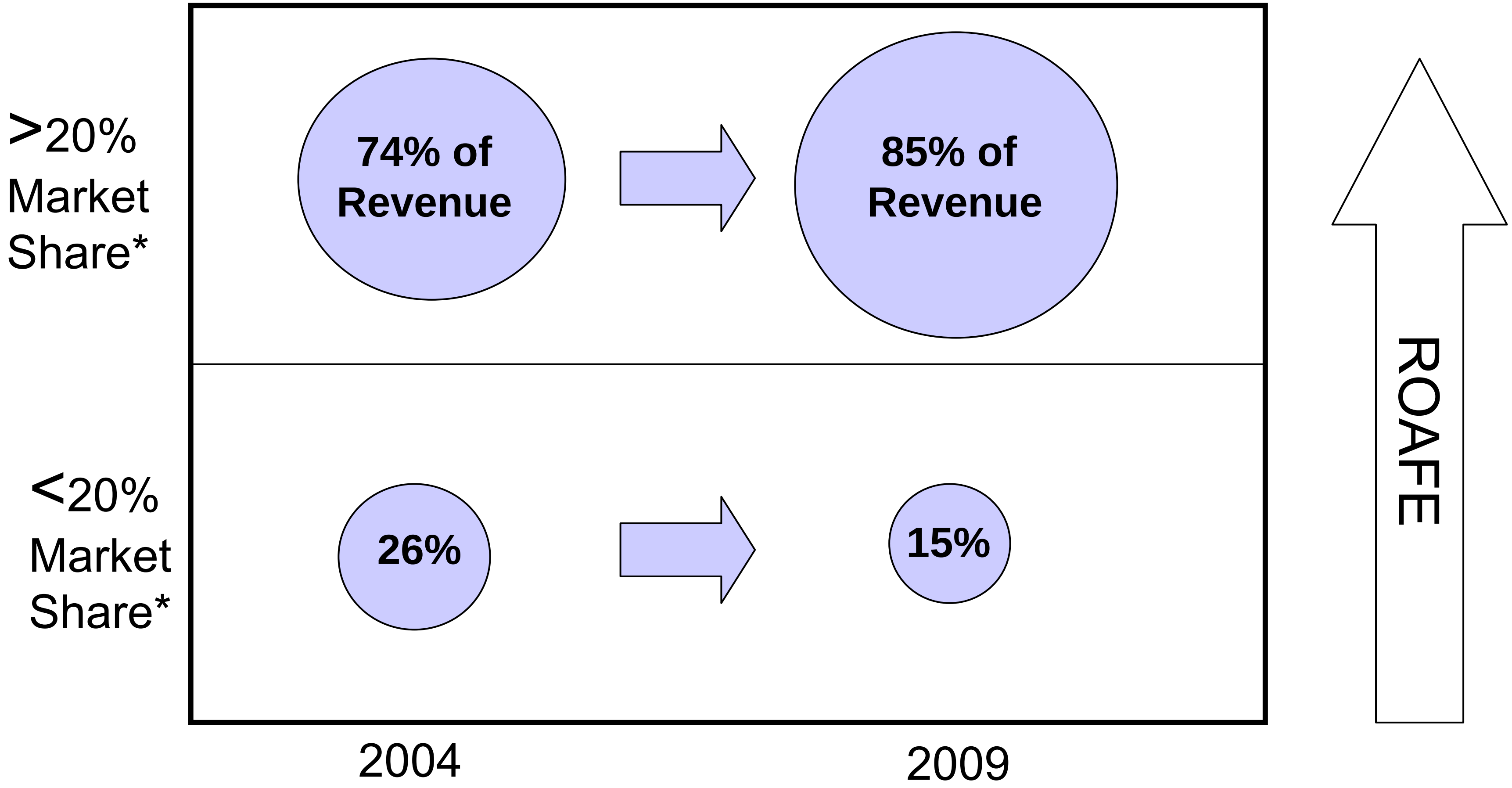
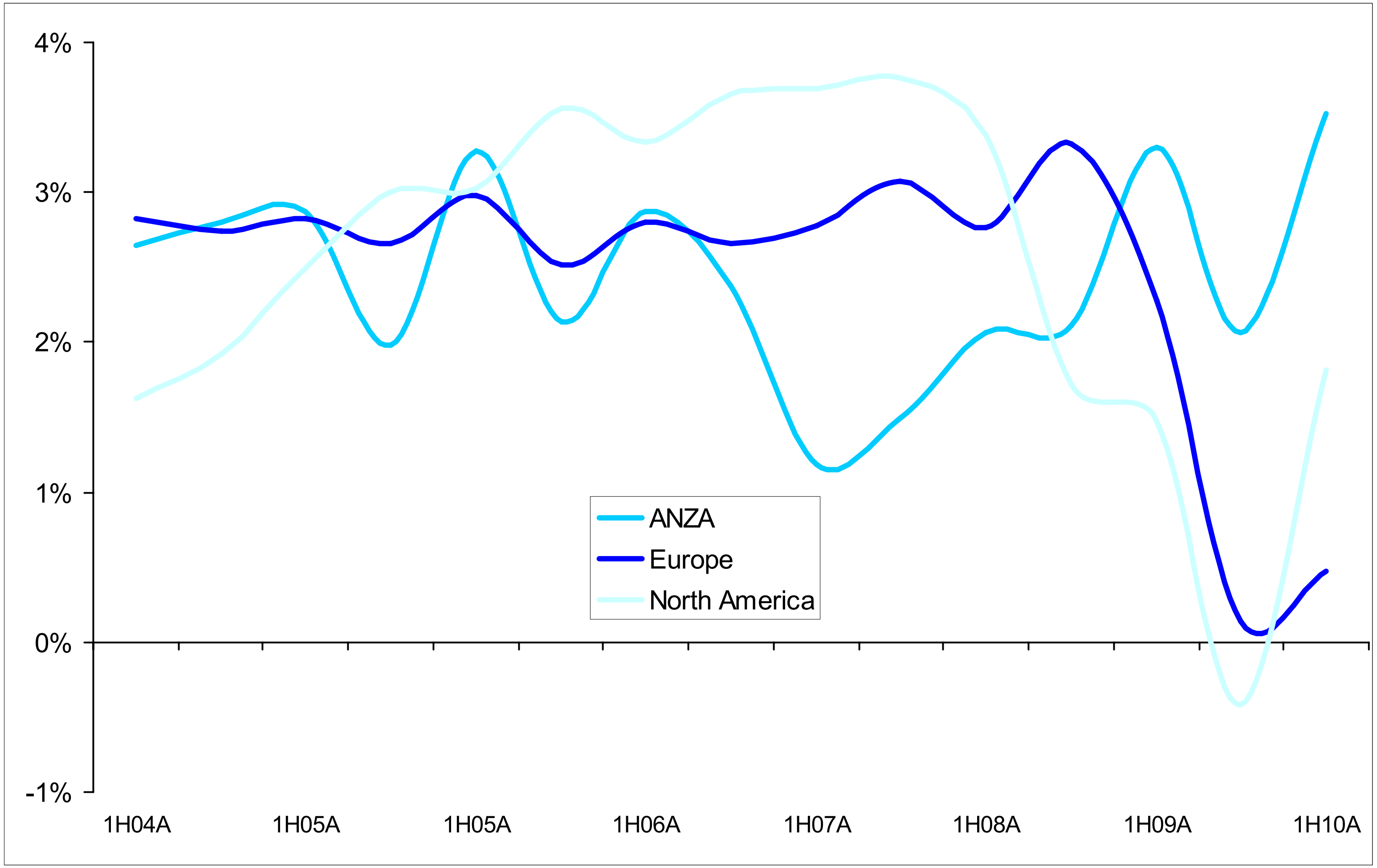
Business diversification	Value adding activities	- Sign & display - Industrial packaging - Graphics solutions - Converting
	Next Generation	- Incubator businesses leveraged off either infrastructure or customer base

In-Market Scale



* Merchant market

Reported EBIT Margin by Region by Half



Volumes - Merchanting

Volume in metric tonnes	6 months Dec 09	6 months Jun 09	6 months Dec 08	% Change 1H10/1H09	% Change 1H10/2H09
NW Europe	290	283	333	(12.9)	2.5
UK & Ireland	475	467	523	(9.2)	1.7
Central &Southern Europe	221	224	250	(11.6)	(1.3)
Total Europe	986	974	1,106	(10.8)	1.2
North America	249	243	298	(16.4)	2.4
Australia, NZ and Asia	181	167	208	(13.0)	8.3

- Paper consumption in all regions remains depressed following global economy weakness
- The first half of fiscal 2010 shows some stability in volumes over the second half of fiscal 2009 although there is some seasonality
- Overall volumes are yet to show any significant recovery

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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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Back Office Synergies

Logistics	IT development	Back office efficiency
		
Australia/NZ model	Warehouse management	Costs
UK Delivery Company	CSR systems	Efficiency
Warehouse integrations	Route tracking	Enhanced service
SKU rationalisations	Sales & operational planning	

Costs - Merchanting

		% Change	
		1H10 v 1H09	1H10 v 2H09
ANZA	A$	(11.9)%	(4.9)%
Europe	€	(11.8)%	(6.4)%
North America	US$	(15.4)%	(3.4)%

- Expenses well down in all regions
- Headcount for Continuing Operations down 310 (4.5%) versus June 2009 (excluding paper manufacturing)
- Reductions continuing into 2010
- Ongoing focus

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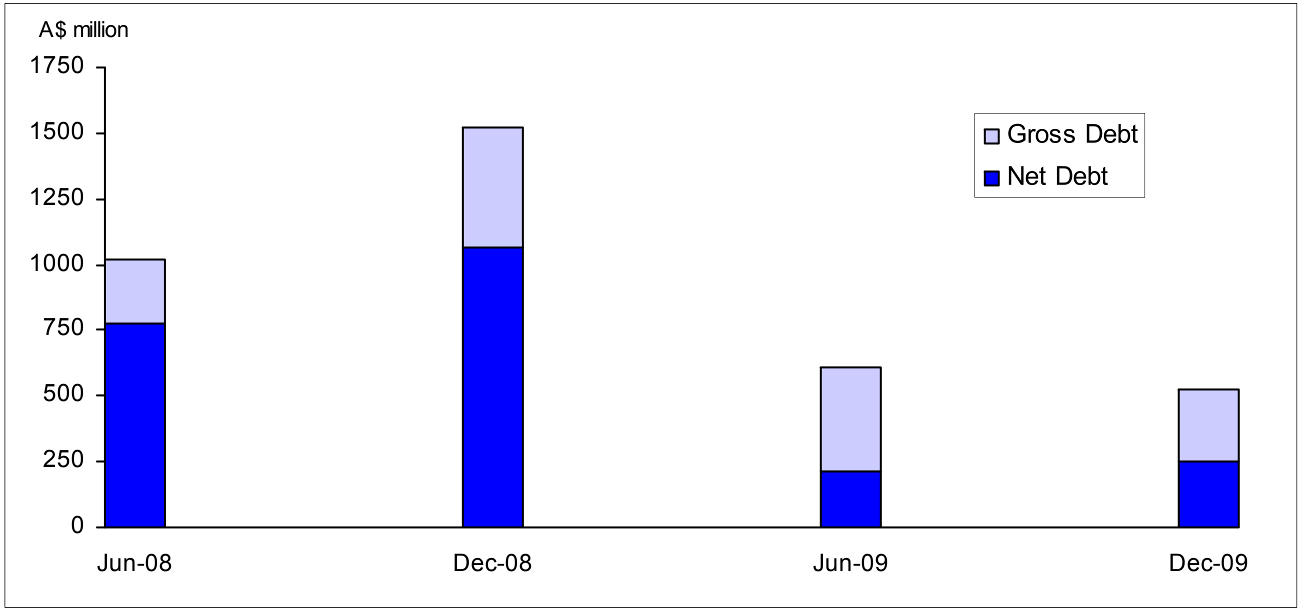
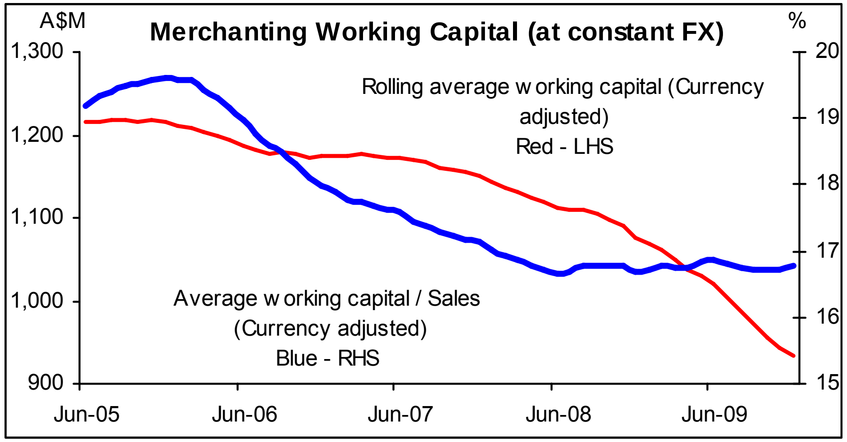
Debt Reduction



- Opportunities available to reduce gross debt levels via more efficient structuring of debt facilities / improved transactional banking structures
- Significant progress made on establishing new facilities
- Gross debt of $526 million at December 2009, down from $1,518 million pcp. Currently around $400 million
- Cash balance inflated by $56 million proceeds from CCS retained as cash to cover costs of Tasmanian exit
- Future annualised net interest expense expected to be around $20 - 25 million
- Depreciation and amortisation and capital expenditure expected to match at around $30 million pa

Working Capital - Merchanting



Merchanting December period end net working capital reductions have continued in Europe (-10%) and North America (-21%) versus prior corresponding period	
	% Change
North America (USD)	(20.5)%
Europe (Euro)	(10.2)%
ANZA (AUD)	(0.8)%

	Days		
	Dec 2008	**Dec 2009**	**Change**
Inventory	79.1	62.0	(21.6)%
Debtors	63.9	63.6	(0.5)%
Creditors	51.4	51.4	(0.0)%
WC/Sales	17.8	16.3	(150)bps

- Inventory days have continued to benefit from roll out of core process to major operating companies, structurally reducing inventory days
- Debtor days held
- Creditor days remains under pressure from tight supplier credit
- Working capital reductions matching weaker markets

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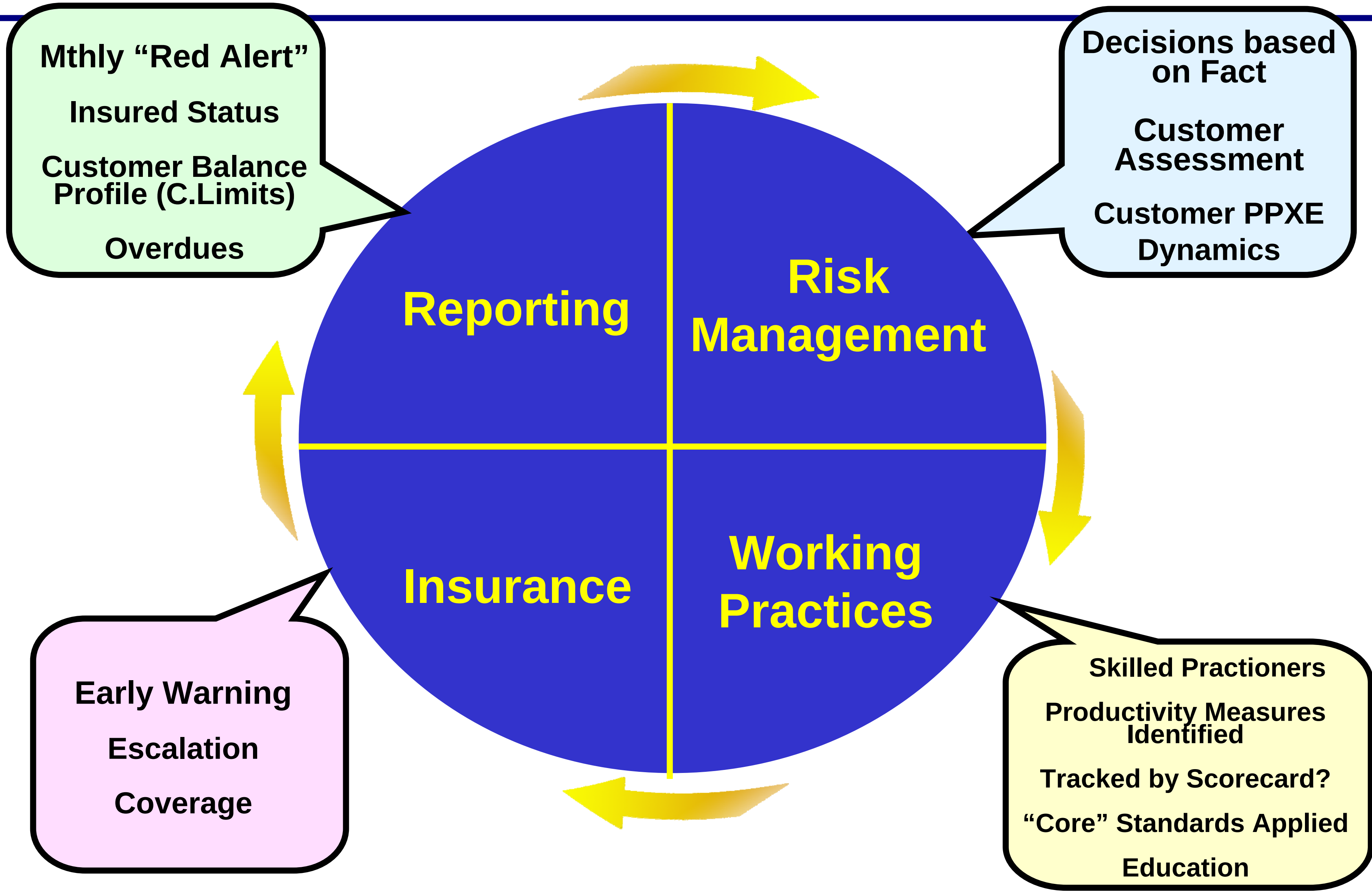
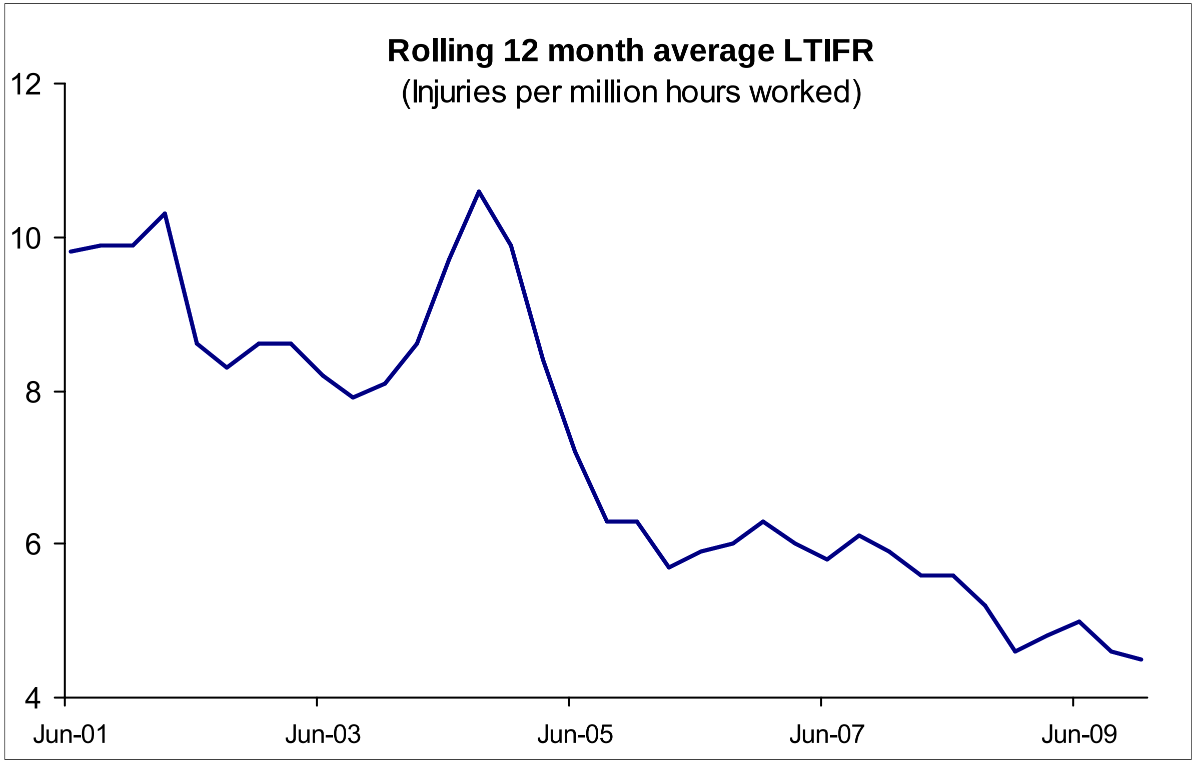
PPXE Credit Wheel



Safety

- Improved safety record (LTIFR down 10% in the last six months and down 55% in the last 8 years to 4.5 per million hours worked)
- The December quarter safety results were the best in the company's history
- Global HealthLinX programme to support employee wellbeing



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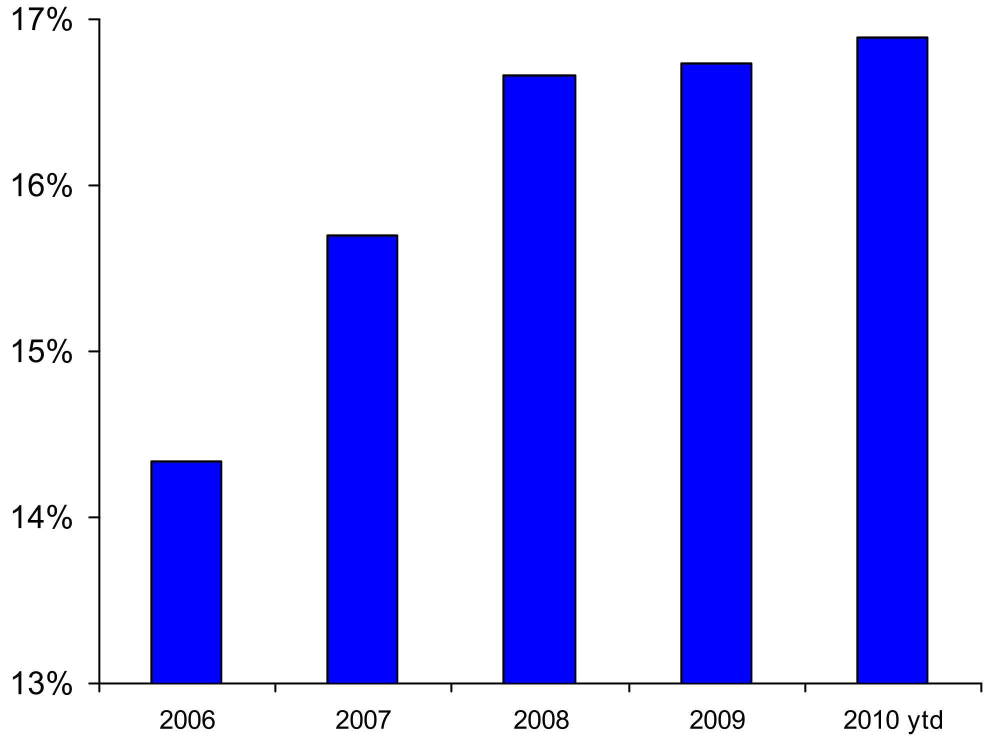
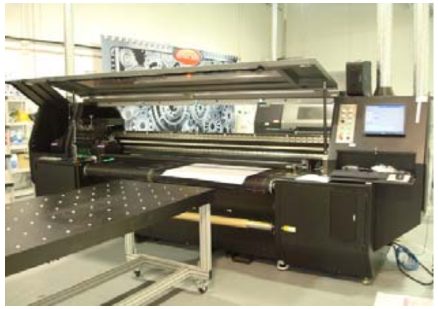
Value Adding Activities

Share of Merchant Gross Margin from Sign & Display, Industrial Packaging and Graphics Solutions



- Sign & Display

- Graphic Solutions



- Industrial Packaging

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Summary

- PaperlinX has substantially de-risked
  - Exiting from manufacturing
  - Reduced debt by over $1 billion
  - Refinancing close to completion
- PaperlinX becomes a pure play global merchant
  - Fragile recovery in North America and ANZA
  - European recovery yet to be seen
  - Focus on cost efficient service proposition in core business
  - Recovery expected in non-paper if confidence improves
- Operational and growth model in place:
  - Margin recovery in core paper business
  - Non-paper growth off existing platform
    - Packaging, Sign and Display, Graphics Solutions and Converting
    - Next Generation models

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