



Annual General Meeting

Chairman – David Meiklejohn

Introduction

- Difficult external environment remains
- Focus on key strategic areas
 - Reducing costs
 - Improving productivity
- Capital investment
 - Maryvale Mill pulp upgrade

Agenda

- 2008 Results
- Strategic initiatives
- Capital Management
- Board succession planning
- September quarter

Year in Review

- Earnings before interest and tax down 14%
- Underlying EBIT down 22%
- Paper Merchanting EBIT of \$192.4 million
- Paper Manufacturing EBIT of \$(1.9) million
 - Underlying EBIT of \$8.2 million

Strategic Initiatives

- \$81 million contribution since 2005
- Positive future with long-term benefits
- Maryvale Mill Pulp upgrade
 - \$340 million capital cost
 - \$40-50 million annualised benefit

Capital Management

- Roll of one-year tranche of multi-currency facility
- Entitlement offer
 - \$150 million institutional offer complete
 - Retail offer closes today
 - Repay debt and strengthen financial platform
- Australian Paper Review

Board Succession

- Succession plan → orderly transition
- Retirement of David Walsh
- Appointment of Harry Boon
- Retirement of Andrew Guy
- Resignation of David Lamont

September Quarter and Outlook

- Challenging conditions remain
 - Market weakness continued and depressed first Quarter
 - Weaker conditions to prevail in first half
 - Impacts from demand, paper prices, input costs, currency relativities
 - Recent currency trends positive



Annual General Meeting

CEO & Managing Director – Tom Park

2008 Results

- Reported profit of \$72 million
- EBIT of \$160 million
- Difficult business environment
- Pulp mill upgrade costs

Internal Activities

- Profit protection plans - \$30 million in 2009
 - Fuel surcharges, freeze on headcount and discretionary spend
- Sale of European properties
 - \$20 million benefit in 2009, heavily weighted to first half
- Strategic Initiatives
 - \$125 million in 2009 over 2005 base
 - \$81 million delivered to end of 2008
 - Over \$40 million in 2009
 - Majority from pulp upgrade
 - \$8-10 million annualised already contributed

External Conditions

- Great volatility
- Positive currency trend-benefits
 - Australian exports
 - Translation of earnings
 - Indirectly through pricing
- European Consolidation
 - Key coated woodfree paper market
 - 600,000 tonnes of capacity to shut
 - Needed to support sustainable price rises

Delivery on Internal Activities

- Pulp mill upgrade
 - 6-7 months benefit in 2009
 - Around \$30 million benefit including \$8-10 million current run rate
 - Quality, yields, costs and environment all benefited
- Sale of European properties
 - Previously announced and well underway
 - \$20 million profit; bias to first half
- Profit Protection Plans
 - Mitigating volume weakness
- Review of Australian Paper
 - Final stages of process
 - No decision made

Funding Activities

- Secured early debt funding roll
- Support from major institutional shareholders for entitlement offer
 - Repay debt early
 - Retail offer closes today

Summary

- As difficult as it gets
 - Pulp mill capital investment with no return yet
- Meeting the challenges
 - Profit Protection Plans
 - Short term debt roll
 - \$150 million of debt repaid early
 - New CFO
 - European properties sales
 - Maryvale Mill pulp upgrade
 - Currency trends
 - Industry restructuring

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