



Annual General Meeting

Chairman – David Meiklejohn

Introduction

- Difficult and disappointing year
- Global recession impacted volume
- Last quarter particularly impacted

Agenda

- 2009 results
- Group funding
- Sale of Australian Paper and review of Tas Paper
- Board and management
- Outlook

Year in Review

- Earnings before interest, tax and significant items of \$16.4 million
- Merchant EBIT of \$82.4 million
- Manufacturing EBIT of \$27.8 million
- Structural cost and working capital reductions

Group Funding

- Breach of covenants and consequent waivers
- Impact on distributions
- Agreement reached for ongoing facilities
- Pursuing opportunities to further reduce debt levels and funding costs

Paper Manufacturing

- Sale of Australian Paper:
 - Significant debt reduction
 - Strategic step
 - Underpinned by pulp mill upgrade
 - Potential earn-out

- Review of Tas Paper:
 - Results impacted by strong Australian dollar
 - Alternative outcomes reviewed
 - Looking for quick resolution

Board and Management

- Corporate governance and risk management remain a focus
- No STI payment for 2008/09
- Freeze on salaries and fees
- 2009/10 incentives based solely on financial targets
- Retirement of Andrew Guy in December 2008
- Mark Hooper joined as CFO

Outlook

- Weak January / June 2009 carried into 2010
- Improved sentiment yet to translate into demand
- Benefits from ongoing cost reductions
- Increased demand and prices needed to boost profitability



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CEO & Managing Director – Tom Park

Review of 2009

- Unprecedented falls in demand:
 - North America CWF ↓31% (2nd half)
 - Europe CWF ↓18% (2nd half)
- Exacerbated by inventory reductions
- Internal actions:
 - Reduce costs
 - Strengthen balance sheet
 - Strategic focus

Sale of Australian Paper

- Reduced debt
- Increased strategic business focus
- Net asset adjustment
- Potential earn-out

Funding

- Funding structure appropriate to operating model
- Increased flexibility
- Lower interest costs
- Reduced cash balance
- Natural currency hedge

Strategic Development

- Optimise core merchandising activities
- Grow higher margin segments:
 - Sign and display
 - Graphics supplies
 - Industrial packaging
 - Converting
- Review of Tas Paper

2009 Results

- Divisional EBIT of \$110.1 million
- Reduced working capital:
 - Year end working capital reduced by \$184 million
 - 13.6% year-end working capital / sales ratio
- Reduced expenses in merchandising:

– Europe	↓9%	(↓12% 2H)
– North America	↓13%	(↓21% 2H)
– ANZA	↓2%	(↓5% 2H)

 - Headcount down 8%

People

- Reduced head count
- Reduced spending and investment
- Values
- Safety performance
- Sustainability

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