

9 September, 2003

## **PRESS RELEASE**

### **PURCHASE AGREEMENT SIGNED FOR ACQUISITION OF EUROPEAN PAPER MERCHANT**

PaperlinX today announced that it has signed a Sale and Purchase Agreement with Buhrmann NV for the acquisition of Buhrmann's Paper Merchanting Division ("BPMD"). Completion of the transaction is dependent on approval by Buhrmann's shareholders and regulatory authorities. Based on the forecast timings of these approvals, completion is provisionally scheduled for the end of October 2003.

Following the announcement by PaperlinX on 18 June, 2003 and completion of due diligence, the debt free headline purchase price has been adjusted to €706 million, with a further deferred consideration of up to €26 million contingent on BPMD achieving an agreed level of earnings for the calendar year 2003. If all or part of the deferred amount is applicable it will be payable on 1 July 2004. After adjusting the headline purchase price for, amongst other items, the movement in working capital since December 2002, the amount actually payable by PaperlinX to Buhrmann NV at completion is estimated to be approximately €635 million (A\$1.1billion). Transaction costs are estimated to be a further €20 million. Therefore PaperlinX's funds invested (including costs) at completion are estimated to be approximately €655 million.

Commenting on the signing, Ian Wightwick, Managing Director of PaperlinX said, "It is very pleasing that the hard work put in by our team undertaking due diligence has confirmed our initial view of the quality of Buhrmann's Paper Merchanting Division business, its people and its assets. This business has great potential, and we are confident that the acquisition will deliver strong earnings per share growth for our shareholders."

"Our due diligence has also confirmed our view that we expect this acquisition to increase PaperlinX's earnings per share by around 5% on 2003 results in the first full year of consolidation of Buhrmann's Paper Merchanting Division, and by at least 40% in the third full year. We anticipate achieving PaperlinX's target of a 15% EBIT return on funds invested by the end of year 3. The headline purchase price multiple is 7.1 times the average EBITA earnings of Buhrmann's Paper Merchanting Division over the last three years and 6.4 times based on funds invested (excluding costs) by PaperlinX."

#### **Funding**

PaperlinX is funding the acquisition via an institutional placement, which raised A\$239 million, and a share purchase plan ("SPP"), which raised a further A\$150 million. The balance of the funds will be from debt. Following completion of the transaction PaperlinX's gearing ratio of debt to debt plus equity is estimated to be approximately 40%, which is at the low end of the company's long-term target.

Due to the strong response to the SPP, the company will not be activating its Dividend Reinvestment Plan.

### **Conclusion**

Mr Wightwick said, "The acquisition of Buhrmann's Paper Merchants Division is a significant strategic step and will allow PaperlinX to further drive its strategy to build a leading international fine paper merchant. This acquisition creates the leading multi-continent fine paper merchant with operations across Australasia, Asia, Europe and North America. It complements our existing merchandising and Australian Paper manufacturing businesses, diversifies our earnings base, delivers enhanced shareholder value, and positions PaperlinX strongly for the future."

"We look forward to working with our new colleagues to ensure the smooth integration of Buhrmann's Paper Merchants Division into PaperlinX."

For further information, please contact:

Mr Ian Wightwick  
Managing Director  
PaperlinX Limited  
Ph: +61 (3) 8540 2222

Mr Darryl Abotomey  
Chief Financial Officer  
PaperlinX Limited  
Ph: +61 (3) 8540 2305  
Ph: +61 (419) 838 059

Mr David Shirer  
Executive General Manager  
Corporate & Investor Relations  
PaperlinX Limited  
Ph: +61 (3) 8540 2302  
Ph: +61 (407) 512 521

**Note:** Currencies have been converted at €0.58 to the Australian dollar

### **Forward looking Statements:**

Certain statements in this release relate to the future, including forward-looking statements relating to PaperlinX's financial position and strategy. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of PaperlinX to be materially different from future results, performance or achievements expressed or implied by such statements. Neither PaperlinX nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this document will actually occur and you are cautioned not to place undue reliance on such forward looking statements.

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### **Editors Note:**

PaperlinX is a leading international paper merchant, with businesses in Australia, New Zealand, Asia, North America, the United Kingdom and Ireland. Through its Australian Paper division, it is also the only Australasian producer of high quality communication papers, and a major producer of high performance packaging and industrial papers.

**PaperlinX will be hosting a Question and Answer Conference Call at 10.00am AEST this morning about the Buhrmann Paper Merchating Division Acquisition**

To access the conference facility please dial the relevant number listed below and quote Reservation Number 3811709:

Dialling within	Telephone #	Local time
<b>Australia</b>	<b>1800 064 352</b>	<b>10.00am (AEST) 9 September</b>
<b>New Zealand</b>	<b>0800 445 894</b>	<b>12.00noon 9 September</b>

If you wish to participate in the Conference Call, please allow at least 5 minutes to register when you dial in.

*Once you have entered the conference link please note the following:*

*To register a question                      press\*1*  
*To cancel your question                    press \*2*  
*For help during the conference          press \*0*

David Shirer  
Executive General Manager Corporate & Investor  
Relations  
PaperlinX Limited  
03 8540 2302  
[David.shirer@paperlinx.com.au](mailto:David.shirer@paperlinx.com.au)