Final Results 2006 / 2007

24 August 2007

Disclaimer

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 the 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.

Subject to any continuing obligations under applicable law or any relevant listing rules of the ASX, PaperlinX disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements made in this presentation to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Presentation Sequence

- Introduction and Overview of Result
- Value Creation in Merchanting
- Financials and Variance Analysis
- Paper Manufacturing
- Paper Merchanting
- Summary and Outlook
- Questions and Answers

Market Overview

- Some European demand improvement in CWF and UCWF
- Higher input costs force mill closures and have stirred mills to raise the price floor
- Supply constraint supportive of improving global balance for CWF and UCWF, with regional variations in demand conditions evident
  - UCWF supply tightness leading prices globally
  - Tighter supply and anti-dumping actions leading to CWF pricing in the US
  - Post summer CWF pricing in Europe based on tighter capacity utilisation
- Currency movements continue to impact trade flows and paper selling prices
  - Strengthening Euro/US$ rate reduces desirability of exports to the US over time (increasing product held in Europe)
  - Strengthening A$ against the US$ depresses imported paper selling prices in Australia

Results for 2007 - Financial

- Revenue of $7.8 billion (up 6% on the prior year) and volume of 4.3 million tonnes (up 2%)
- Underlying EBIT of $197.7 million compares with $156.6 million for 2006 (up 26%)
- EBIT of $185.5 million (up 22%) included a range of one-off items and above target $32 million net benefit from strategic initiatives over 2006 ($41 million off 2005 base)
- Reported profit of $80.1 million compares with $65.4 million for 2006 (up 22%)
- Net working capital down $65 million
- Average working capital/sales down to 17.9%
- Return on average funds employed increased 0.8pts to 7.0%, reflecting improvements for both Merchanting and Manufacturing

Results for 2007 – Non Financial

- Improved safety record (LTIFR down 2% to 5.8 lost time injuries per million hours worked)
- Environment
  - FSC chain of custody certifications increasing internationally
  - All paper mills retain ISO14001 environmental accreditation
  - Shoalhaven and Maryvale mills retain FSC chain of custody certification
  - Maryvale pulp mill upgrade will provide positive environmental outcomes
- Member of the FTSE4Good Index for 3rd consecutive year
- Continued lift in training for our people
  - Leadership and economic profit
  - Strategic value selling

Dividend

- Final dividend for the year of 6.0 cps, unfranked, compared with final dividend in 2006 of 4.5 cents
  - Brings total dividend to 11.0 cps compared with 10.0 cps in 2006
  - Ordinary share dividend level consistent with target payout ratio of 70% of earnings per share after SPS distribution of $6.6 million
  - Dividend reinvestment plan (DRP) available to all eligible Australian and New Zealand shareholders

Major Business Initiatives - Update

Upgrade of Maryvale PM1	Complete, in market. Pricing favourable
Closure of Shoalhaven PM1 and PM2	Complete
Spicers Canada acquisition	Complete, returns exceeding expectations
PaperlinX Office	Complete, market successes
The Delivery Company	On track, 7th site operational
Netherlands restructure	On track, DRiem and industrial packaging integrated
European IT platform	On track, 1 OpCo completed, 2 OpCo's in progress
Maryvale pulp mill upgrade	On track for targeted returns. EBIT upside potential
Maryvale wood yard outsourcing	On track
Growth of own brands	+10% Europe, +18% North America
Strategic sourcing alignment	On going
European portfolio change	Exit France, Sweden, Portugal, Finland, acquisition in Italy
Global customer solutions	Positive momentum

PaperlinX

Benefits from Strategic Initiatives

- Benefits from strategic initiatives exceeding expectations
  - $32 million net additional benefit in 2007 over 2006 to bring total net benefit over 2005 base to $41 million
  - Potential to exceed 2009 target of $100 million by an additional $20 million
- Continued investment and progress in 2008, leading to major net benefits to be realised in 2009 and ongoing

The Value Creation Story

Largest Global Fine Paper Merchant

- PaperlinX operates 36 businesses across 27 countries
- Disciplined acquisition criteria and integration
- Major international paper merchant acquisitions include:
  - Spicers Paper (International, 2001)
  - Coast Paper (Canada, 2001)
  - Bunzl Fine Paper (UK, 2002)
  - Buhrmann (Netherlands, 2003)
  - Cascade Resources (Canada, 2006)
  - Antalis S.p.A (Italy, 2007)

Europe

Adria Papir
Alpe papir
Antalis S.p.A.
Bratislvaska papierenská
Budapest Papir
BührmannUbbens
Caledonia
CC&CO Group
ContactHorne Paper
Deutsche Papier
DM Paper
Dunav Papir
Epacar
Finwood Papers
Howard Smith Paper Group
Mercator Paper
Ospap
Paper Products Marketing
PaperNet Austria
PaperNet Denmark
Polyedra
Proost en Brandt
Robert Horne Group
The Paper Group
Udesen
Union Papelera

Australia, NZ and Asia

Dalton
Dalton Web
Paper Products Marketing
Spicers Paper
Winpac Paper

North America

Coast Paper
Kelly Paper Company
Paper Products Marketing
Papier Coast
Spicers Canada
Spicers Paper Inc

The PaperlinX Merchanting Model - Layers of Value

VALUE CREATION

	Layers of Value	Examples
At acquisition	Disciplined acquisition approach	Acquisition criteria
	Customers and customer relationships Core Operating Principles	Basis for PaperlinX model
As we build in market scale	Best people Best customers Best suppliers	Integration opportunities lead to business strengthening
	Back office synergies	- Logistics - IT platforms - Support staff
	Value adding activities	- Sign & display - Industrial packaging - Graphics
	Portfolio management	
Further global benefits	Best practice sharing	- Policies (i.e., debtor, safety etc) - Operational Excellence - Brands/Marketing/CVP's - Training
	Strategic supplier alignments	Logistics and ideas
	Global customer solutions	Servicing models

Core Operating Principles

- Strengthen then build off existing business platforms
- Productivity to provide funds to improve sustainability and growth
- Simplification
- Actively prioritise activities based on value creation for customers, suppliers and for PaperlinX
- Fully leverage our global opportunities
- Invest in our people and their skills
- Compliance is mandatory
- Results oriented teamwork/success as a team.

Back Office Synergies

Logistics

- Australia/NZ model
- UK Delivery Company
- Warehouse integrations
- SKU rationalisations

IT integrations

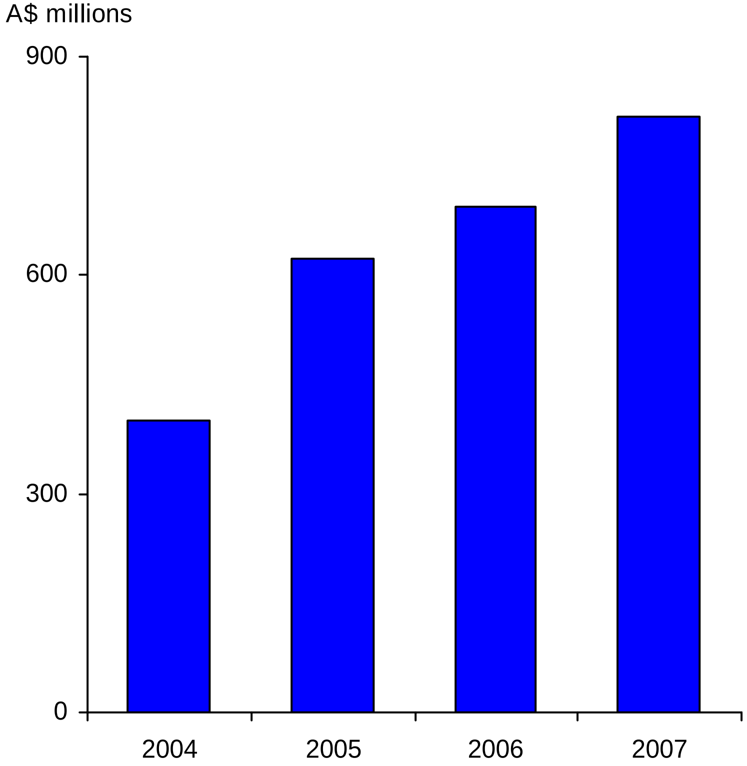
- Ireland
- North America
- Australia
- Germany/UK underway

Back office efficiency

- Costs
- Efficiency
- Enhanced service

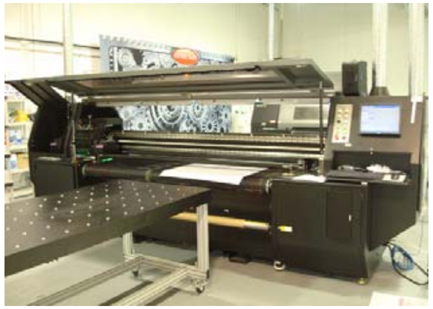
Value Adding Activities

Revenue from Sign & Display, Industrial Packaging and Graphics – CAGR 27%



- **Sign & Display**

- **Graphics**



- **Industrial Packaging**

Portfolio Management to Build In-Market Scale

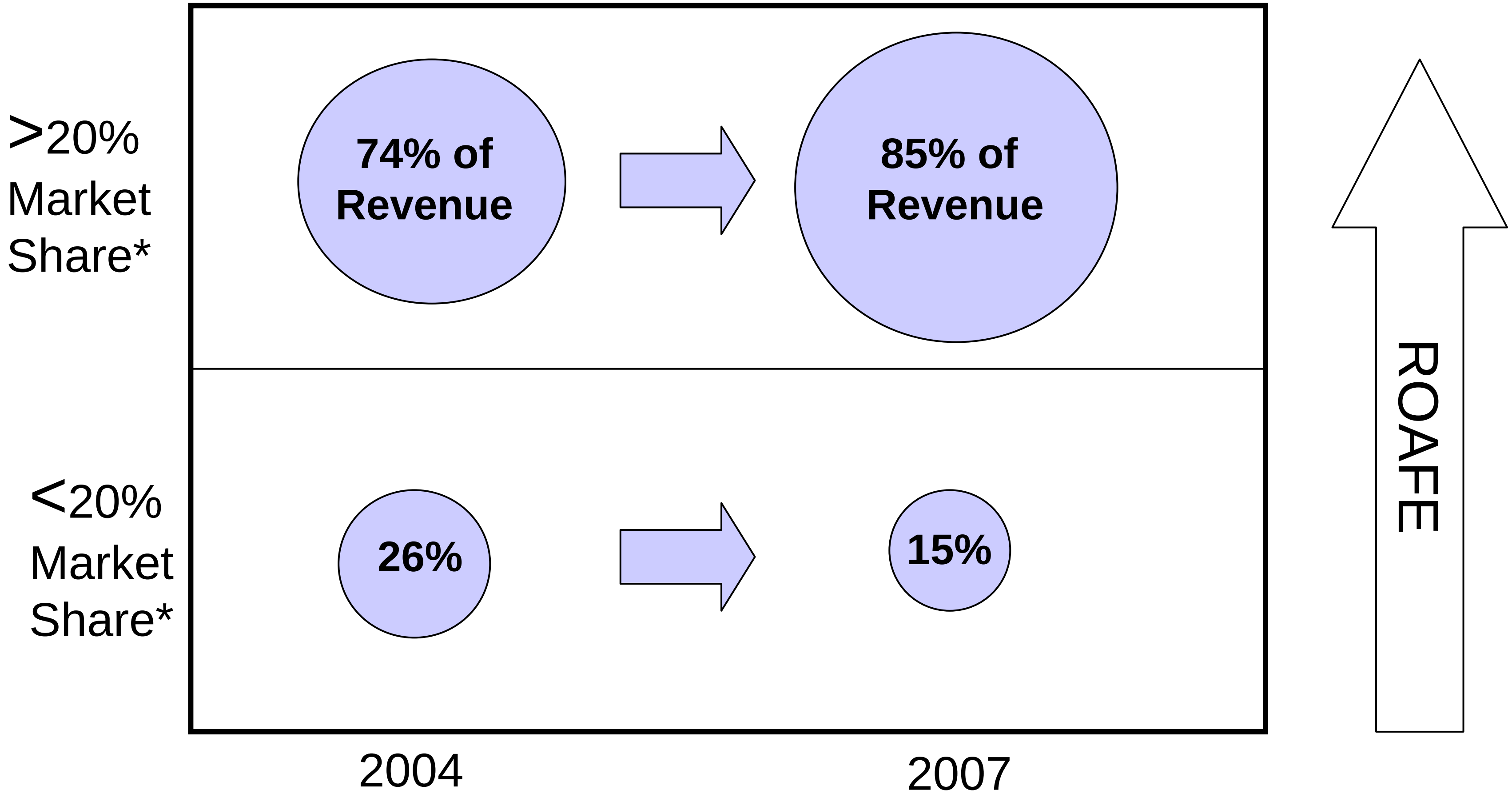
Acquired

- 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

In-Market Scale



* Merchant market

Best Practice Sharing

Impact of Group Policies

	2004	2007
Debtor days	67.5	60.9
Inventory days	71.2	62.2
WC/Sales (%)	16.4	13.5
Safety (LTIFR)	10.3	5.3

Operational Excellence

- The Delivery Company
- Netherlands restructuring
- PaperlinX Office
- European and NA IT platforms
- Sales and Operations planning

Merchant Brands

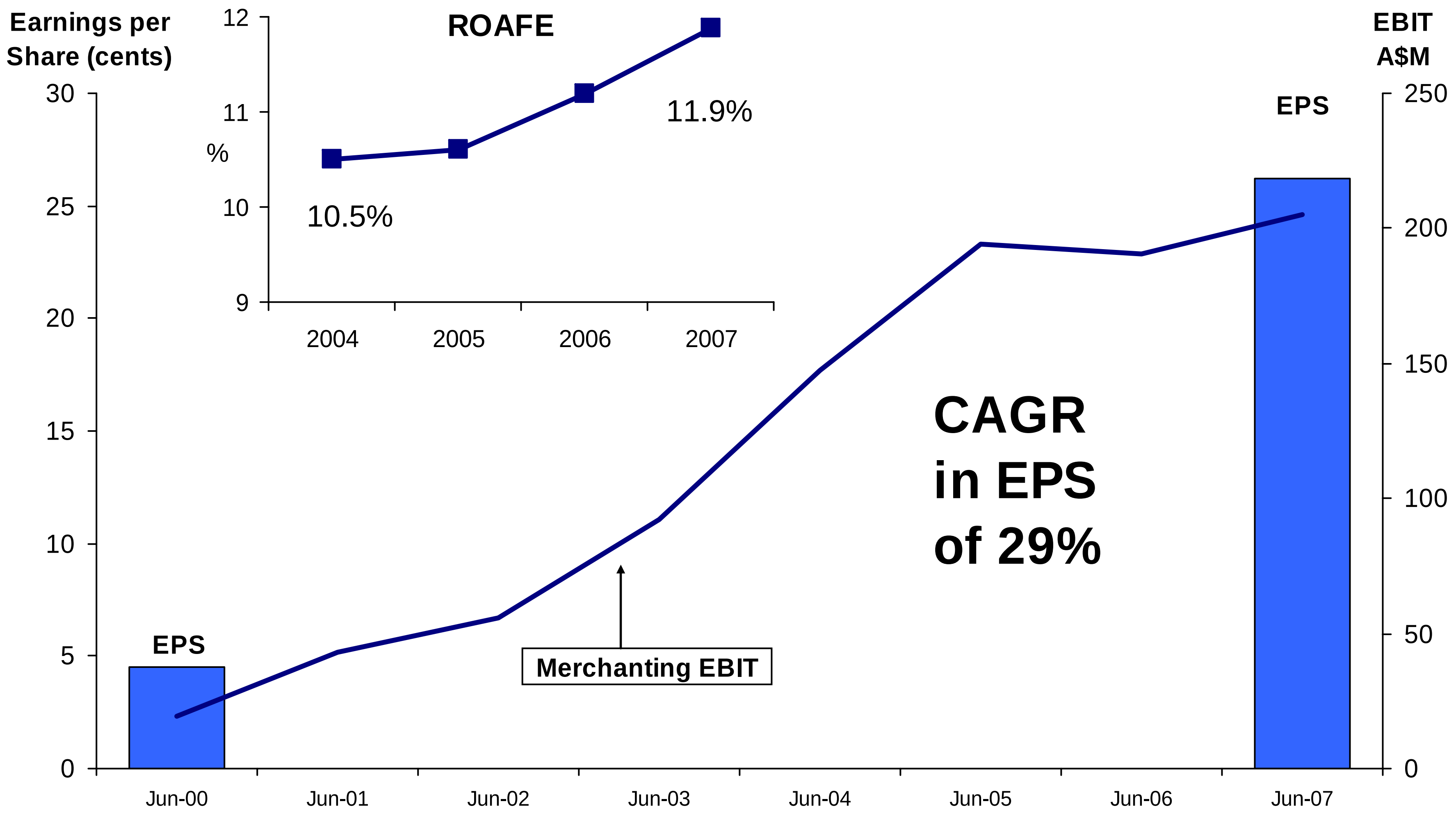
Growth in 2007	10%
CAGR 2005-2007	>10%
% of Merchant volume	26%

Training

- Leadership, Economic Profit and Strategic Selling
- 1,000 employees to date
- 1,500 planned through 2008

PaperlinX

Merchanting Growth highly Accretive to EPS



Core Belief Underpins the Unique PaperlinX Model

PaperlinX is founded upon a respect for the people, customer relationships and uniqueness of our local businesses …
and a fundamental belief in the value to be added from our global skills, capabilities and desire to improve.

RESPECT LOCAL / ADD VALUE WITH GLOBAL

- Respect local customer relationships
- Leverage global ideas, capabilities & scale
- Actively collaborate to create ideas and value for PaperlinX as a whole

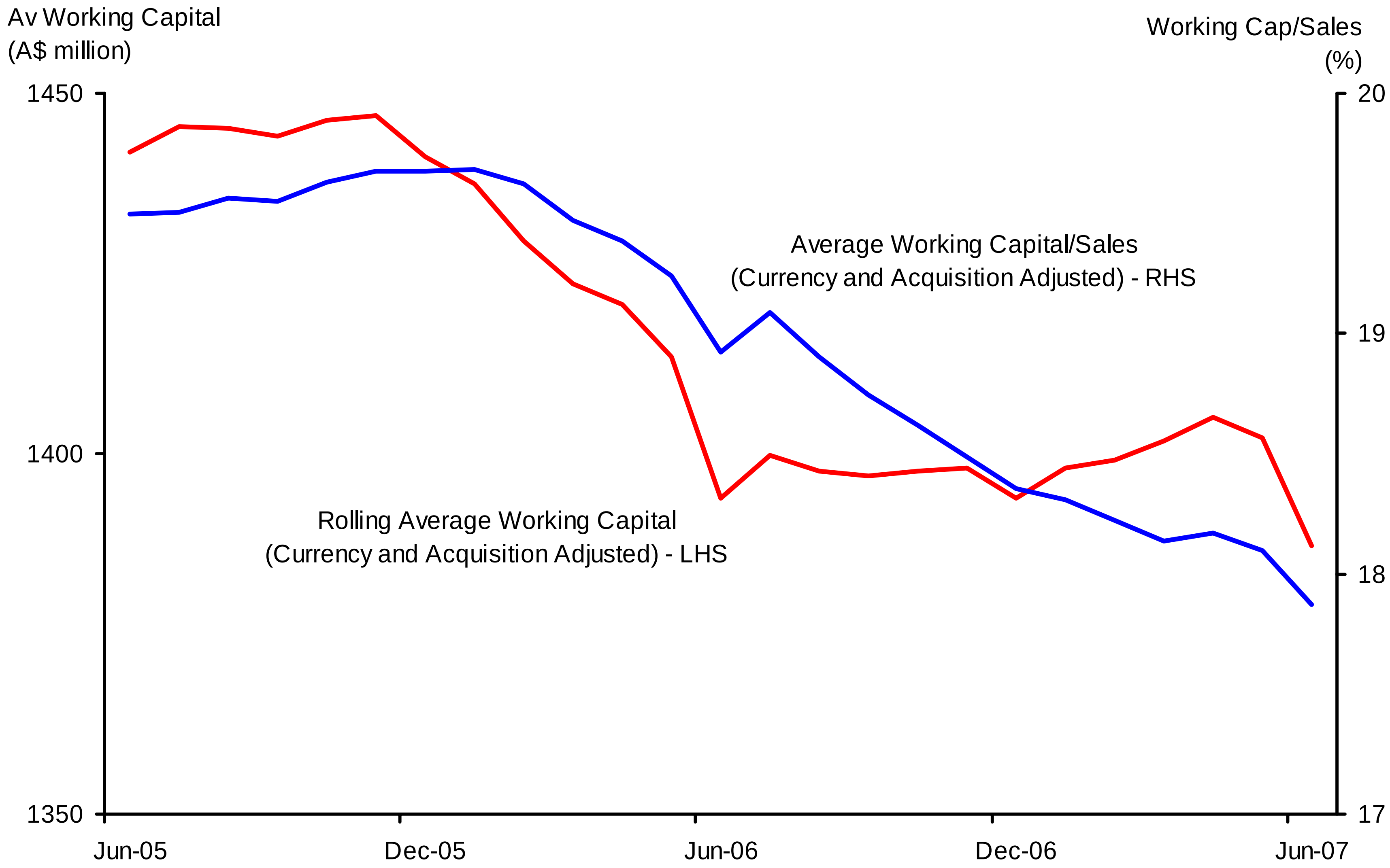
Financial Summary

		12 months to Jun 2006	12 months to Jun 2007	Change
Sales Volume	‘000 tonnes	4,249	4,313	+2%
Sales Revenue	$m	7,372	7,839	+6%
Net Interest Expense	$m	65.1	70.9	+9%
Net Interest Cover	x	2.3	2.6	+0.3pts
Underlying EBIT	$m	156.6	197.7	+26%
Reported EBIT	$m	152.4	185.5	+22%
Reported Earnings after Tax	$m	65.4	80.1	+22%
Earnings per share (after SPS distribution)	cps	14.7	16.4	+12%
Final dividend	cps	4.5	6.0	+1.5¢
Total dividends for the fiscal year	cps	10.0	11.0	+1.0¢

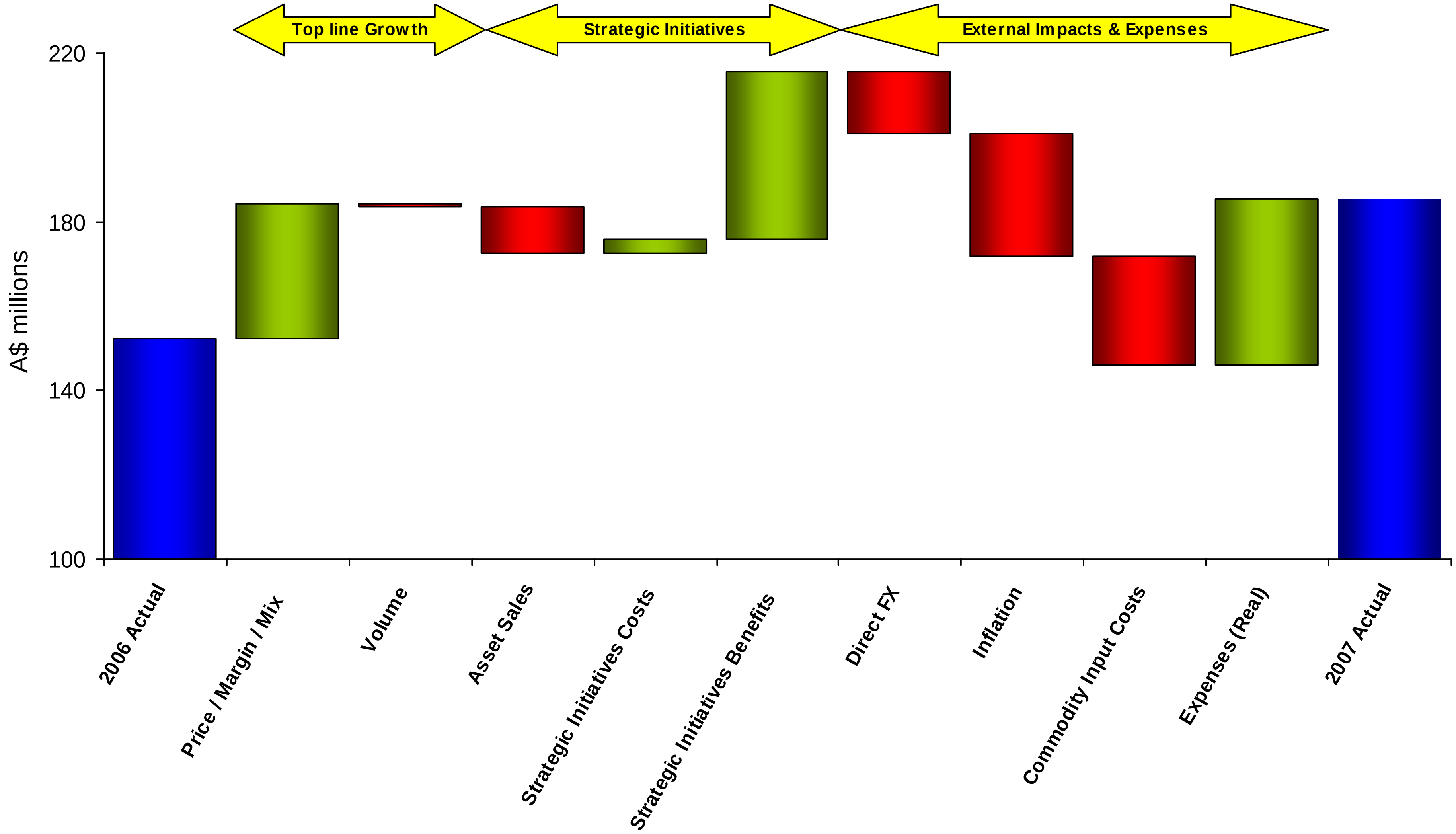
Key Financial Measures

		12 months to Jun 2006	12 months to Jun 2007	Change
Working Capital	$m	1,277	1,212	-5%
EBITDA	$m	257	287	+11%
Operating Cash Flow	$m	260	143	-45%
Net Debt / Net Debt & Equity	%	36.0	24.3	-11.7 pts
Capital Expenditure (including acquisitions)	$m	202	213	+5%
Net Tangible Assets per share	$	2.49	2.58	+4%
EBIT/Average Funds Employed	%	6.2	7.0	+0.8pts

Working Capital Trend



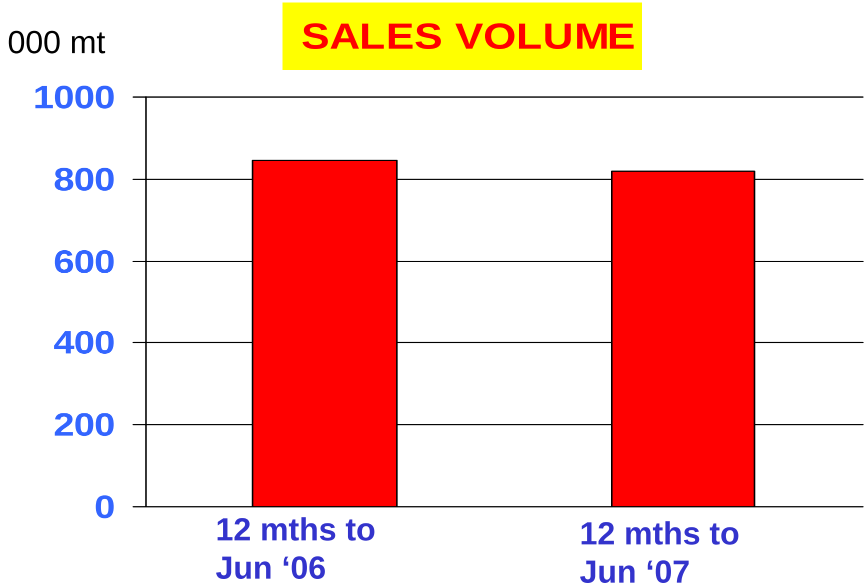
Key Variances to EBIT

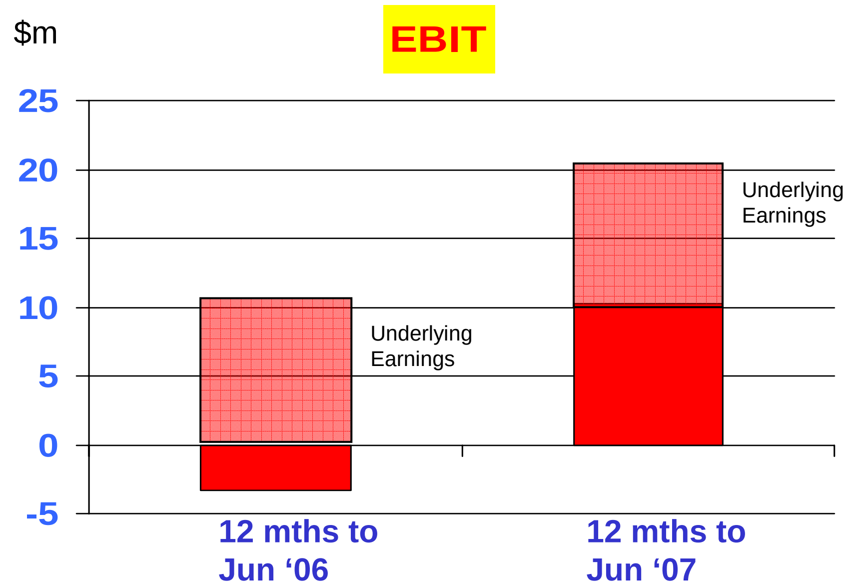


PaperlinX

Paper Manufacturing

		12 months Jun 06	12 months Jun 07	Change %
Sales Volume	'000 tonnes	846	818	-3
Australia/NZ share of volume	%	77	76	
Sales Revenue	A$m	1,021	1,016	-1
Underlying Earnings before Interest & Tax	A$m	10.2	20.8	+103
Net One-off Costs	A$m	(13.5)	(10.6)	
Reported Earnings before Interest & Tax	A$m	(3.3)	10.2	+++
Return on Average Funds Employed	%	(0.2)	1.1	





PaperlinX

Paper Manufacturing

- A$ pulp costs impacted EBIT by A$(22) million (up 20% on last year in A$). Pulp costs have remained high going into 2008
- A$ has had a significant impact on coated woodfree and publication papers prices
- Australian printing industry over capacity and consolidation keeping pressure on paper prices making it difficult to pass on cost increases
- PaperlinX Office contribution better than expected
  - Domestic volumes of manufactured copy paper increased 2-3%
- Domestic linerboard volumes down 4% on last year
- Export sack kraft demand good, with record selling prices in US$
- Improved operating performance on most machines
  - Shoalhaven mill returned to profit
  - Efficiency gains, supply chain savings and mix management mitigating input costs
- Working capital down 2% with the working capital to sales ratio showing a similar trend

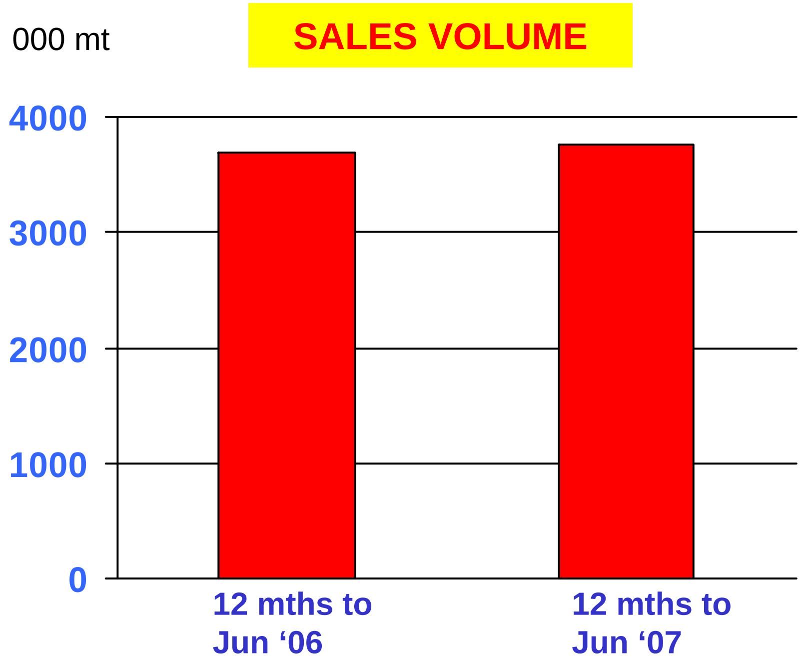
Pulp Mill Project Update

The Pulp Mill Project is as relevant today as when first announced

- **Status**
  - 90% materials purchased, 30% labour completed
  - 1st shut completed on time – some IR and weather issues
- **Benefits and returns**
  - In line for targeted returns
  - Full year benefit expected in 2009
- **Costs**
  - Up to 25% above initial $203 million estimate due to material prices, deliveries and labour cost increases
- **Risks**
  - Industrial relations
  - Labour costs and availability
  - Weather

Paper Merchanting – Total

		12 months Jun 06	12 months Jun 07	Change %
Sales Volume	'000 tonnes	3,692	3764	+2
Sales Revenue	$m	6,691	7,159	+7
Earnings before Interest & Tax	$m	188.9	205.2	+9
EBIT/Sales Revenue	%	2.8	2.9	+0.1pts
Return on Average Funds Employed	%	11.4	11.9	+0.5pts



Merchanting - Europe

		12 months Jun 06	12 months Jun 07	Change %
NW Europe		751	738	-2
UK & Ireland		1,202	1,180	-2
Central & Southern Europe		505	525	+4
Total Sales Volume	‘000 tonnes	2,458	2,443	-1
Sales Revenue	€m	2,732	2,828	+4
Earnings before Interest & Tax	€m	74.5	82.8	+11
EBIT/Sales Revenue	%	2.7	2.9	+0.2pts

- UK market declined, with prices up 5% but volumes lower. Market share gained
- Stock to indent ratio improved 0.8 points versus the prior year
- Proprietary brand volume up 10%, to >20% of total paper volumes
- Sign and Display and Industrial Packaging sales revenue up 9%
- Sale of Axelium (France) and acquisition of Antalis S.p.A (Italy) completed successfully
- The Delivery Company progressed well with 7 sites now operational
- European IT rollout to plan; Ireland completed, progressed rollouts Germany and the UK
- Operating expenses (up 1.1%) impacted by small number of bad debts and increased stock sales impacting distribution expenses
- Pension benefits progression to defined contribution results in curtailment gain of €8 million pre tax in accordance with AIFRS
- Average working capital improved slightly despite increased sales

Merchanting - North America

		12 months Jun 06	12 months Jun 07	Change %
Sales Volume	‘000 tonnes	508	623	+23
Sales Revenue	US$m	841	1,078	+28
Earnings before Interest & Tax	US$m	29.6	40.2	+36
EBIT/Sales Revenue	%	3.5	3.7	

- Proprietary brand volume up 18% to >25% of total volume
- Paper selling prices supported by mill capacity reductions, realised prices up 4.6% on prior year, despite weaker market demand
- Impact of anti-dumping actions and countervailing duties on CWF paper currently flowing through in US pricing
- Spicers Canada accretive to earnings with successful integration into business platform. Toronto warehouse integration will create another layer of opportunities. Returns already exceeded year 3 acquisition targets (+15% ROAFE)
- IT integrations across Canada and within Kelly Paper progressing well and expected to provide positive benefits as common platform established
- Operating expenses, excluding impact of Spicers Canada, up 5.6%, reflecting sales growth
- Working capital improved by 6% compared with the prior year

Merchanting – Australia, NZ and Asia

		12 months Jun 06	12 months Jun 07	Change %
Sales Volume	‘000 tonnes	741	725	-2
Sales Revenue	A$m	1,049	1,033	-2
Earnings before Interest & Tax	A$m	25.5	13.8	-46
EBIT/Sales Revenue	%	2.4	1.3	-1.1pts

- Combination of Australian restructuring and NZ FX treatment was $(9.4) million, explaining majority of total EBIT variance versus prior year
- Australian market - no overall volume growth, NZ market - estimated down 8%
- Small amount of market share loss in ANZ as pricing leadership was provided
- Volume growth in Asia up 11%
- Pricing in Australia and NZ remained under pressure from weak US dollar
- Overall pricing down around 1% with regional and mix variations
- Customer consolidation a feature of both Australian and NZ markets
- Average working capital reduced 9% as a result of good performance on a range of logistics initiatives
- Warehouse consolidations across the Australian network to ensure competitive positioning

2007 Final Result Summary

- Net profit of $80 million up 22%, and underlying EBIT of $198 million was up 26% on prior year
- Benefits of strategic initiatives exceeded expectations with potential to exceed 2009 target by $20 million
- Average working capital to sales ratio improved (18.9% to 17.9%)
- Improved ROAFE for both merchanting and manufacturing though below targets due to challenging environment
- Mix management, cost management and efficiencies mitigated higher input costs
- Successful step-up preference share raising
- Dividend lifted to 11 cents per share

Business Outlook - Overall

- Market conditions remain challenging
  - Manufacturing input costs remain high
  - Overall demand is modest, especially in the UK
  - CWF pricing announced in Europe
  - US anti-dumping supports US pricing on CWF
  - Industry consolidation at both merchant and mill levels
- Ongoing expense and working capital reductions targeted
- Benefits from strategic initiatives are above expectations, with more projects being added
  - Current potential to exceed $100 million target for 2009 by $20 million
- Merchanting growth opportunities are being addressed to leverage the existing global platform and build value
- 2008 is a platform year as key projects are funded for future payback
- Focus remains on improved competitiveness, economic profit and shareholder returns through the cycle

Appendices

Operating Earnings (A$)

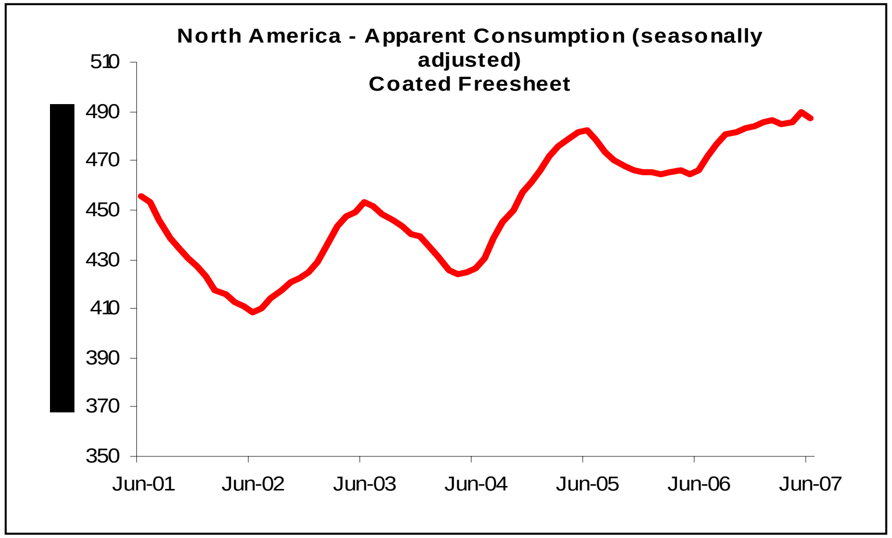
	EBIT		Sales Revenue		Total Assets	
	Jun 2007	Jun 2006	Jun 2007	Jun 2006	Jun 2007	Jun 2006
	$M	$M	$M	$M	$M	$M
Industry Segments						
Europe	139.9	123.5	4,780	4,528	2,148	2,187
North America	51.5	39.9	1,380	1,133	502	569
Australia, NZ and Asia (1)	13.8	25.5	1,033	1,049	462	472
Inter-merchant Sales	-	-	(34)	(19)	-	-
Total Paper Merchanting	205.2	188.9	7,159	6,691	3,112	3,228
Paper Manufacturing(1)	10.2	(3.3)	1,016	1,021	1,148	1,032
Corporate (1) (2)	(29.9)	(33.2)			129	56
Operating earnings before interest & income tax	185.5	152.4				
Net Interest	(70.9)	(65.1)				
Income Tax Expense	(34.4)	(21.9)				
Outside Equity Interests	(0.1)	0.0				
Inter-segment Sales			(336)	(340)		
Unallocated Assets (deferred tax assets)					53	74
Total	80.1	65.4	7,839	7,372	4,442	4,390

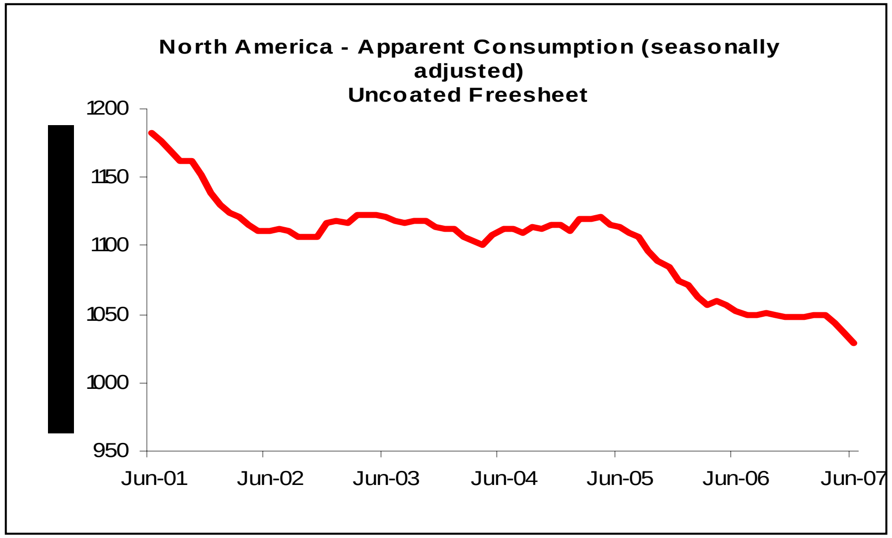
Notes – (1) Reported historic results adjusted to reflect the formation of PaperlinX Office.
(2) Corporate includes Group overheads, governance and compliance costs, financing costs, public company costs, Group wide long term incentive costs and applicable one-off items.

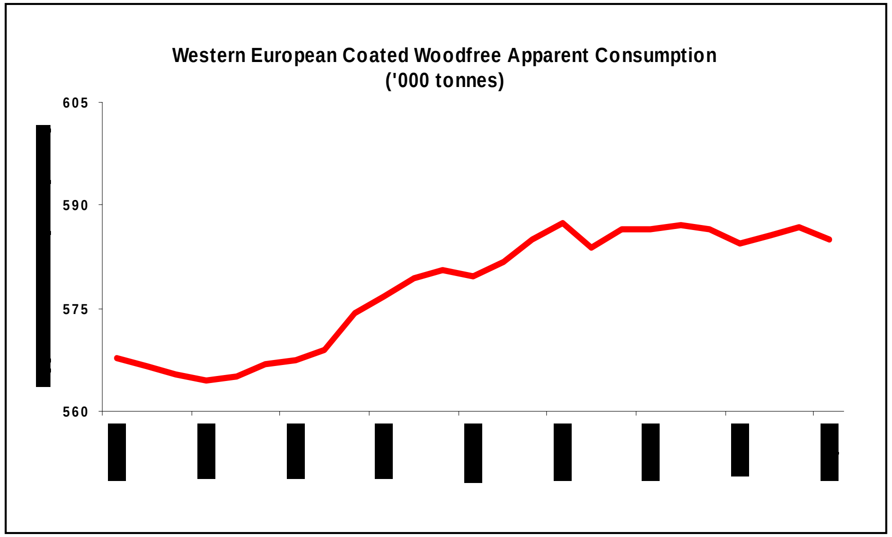
Reconciliation of one-off items for 2007

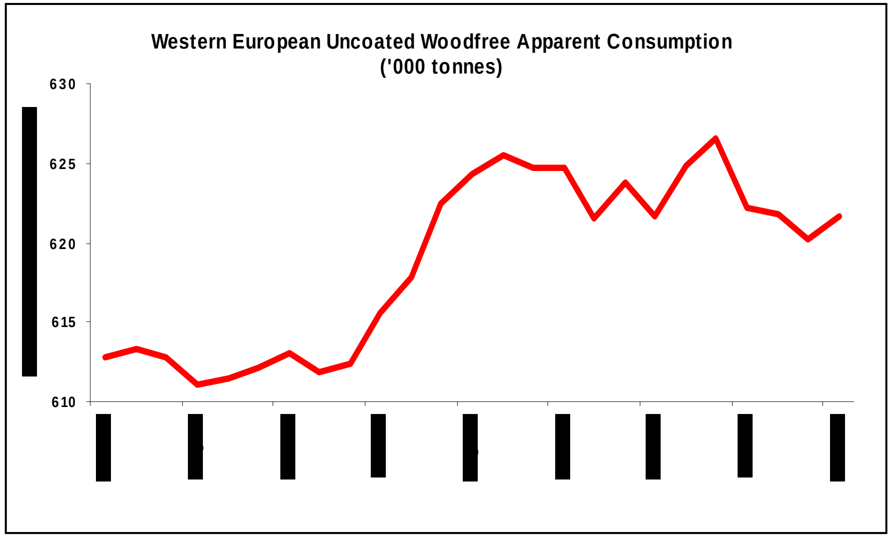
	June 2007 EBIT (A$ millions)				
	As Reported	Asset Sales & Property Actions	Business Restructuring	Net One-Offs	EBIT Underlying
Paper Merchanting					
ANZ/Asia	13.8	(2.2)	(1.0)	(3.2)	17.0
Europe	139.9	7.1	(5.7)	1.4	138.5
North America	51.5	0.9	(0.7)	0.2	51.3
Total Paper Merchanting	205.2	5.8	(7.4)	(1.6)	206.8
Paper Manufacturing	10.2	4.3	(14.9)	(10.6)	20.8
Other	(29.9)	0.0	0.0	0.0	(29.9)
Total PaperlinX	185.5	10.1	(22.3)	(12.2)	197.7

Apparent Consumption Rolling 12-month (000t)









Source: RISI & Company Data

This document is not a prospectus. It has been prepared solely for the purpose of information and does not constitute, nor is it intended to constitute, an offer or invitation to any person to buy or sell shares in PaperlinX Ltd. PaperlinX Ltd and its related entities and each of their respective directors, officers and agents (all, 'PaperlinX') have prepared the information contained in this document in good faith and have attempted to ensure that it is accurate at the time of preparation. However, no warranty is made as to the accuracy or reliability of any statements, estimates or opinions or other information contained in this document (any of which may change without notice) and, to the maximum extent permitted by law, PaperlinX disclaims all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through relying on anything contained in or omitted from this document.

PaperlinX strongly advises any reader to make their own enquiries and to seek independent professional advice before making any investment decisions.

PaperlinX Limited - 307 Ferntree Gully Rd, Mt Waverley, Victoria 3149, Australia - ABN 70 005 146 350