



PaperlinX Company Presentation

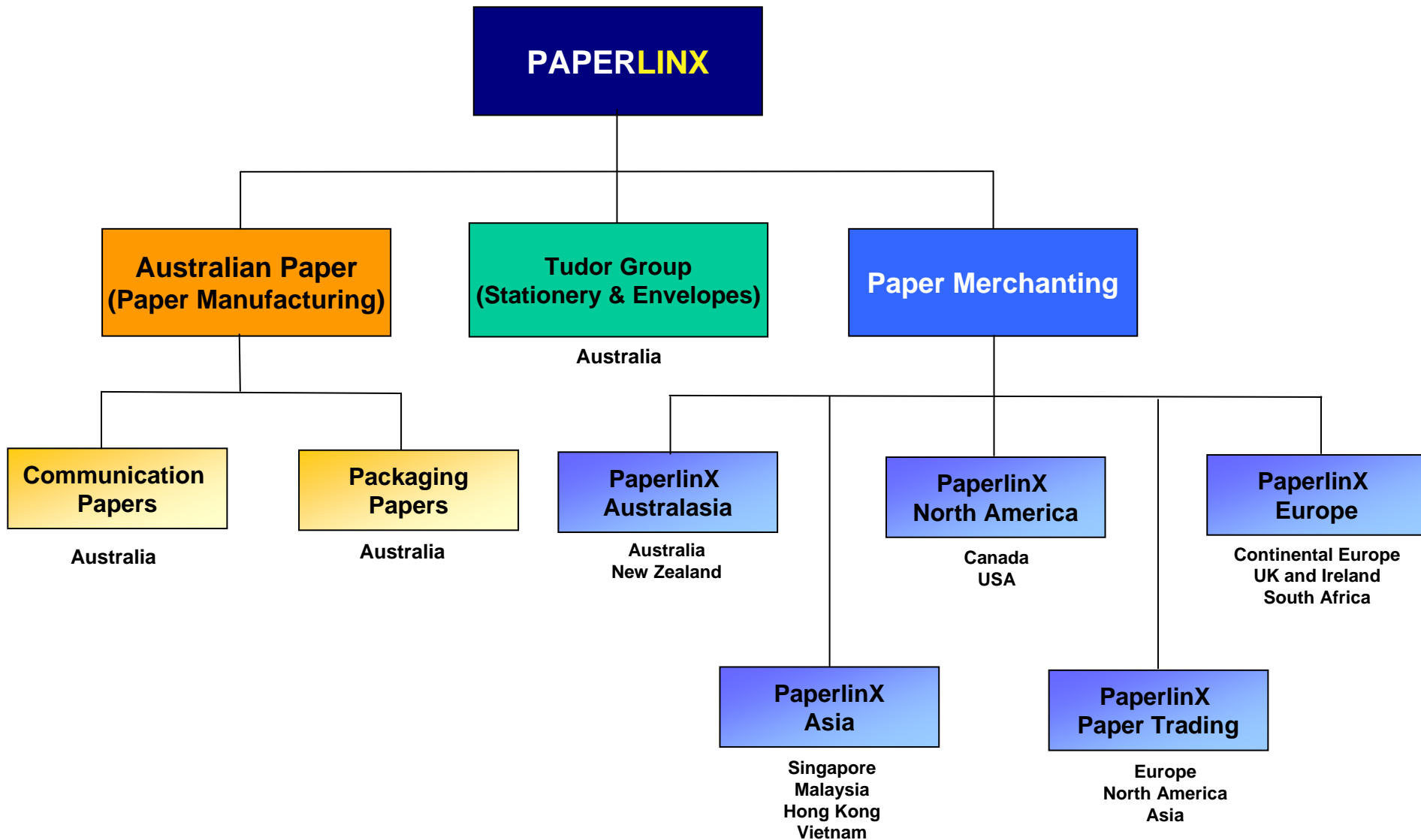
August 2006

PaperlinX

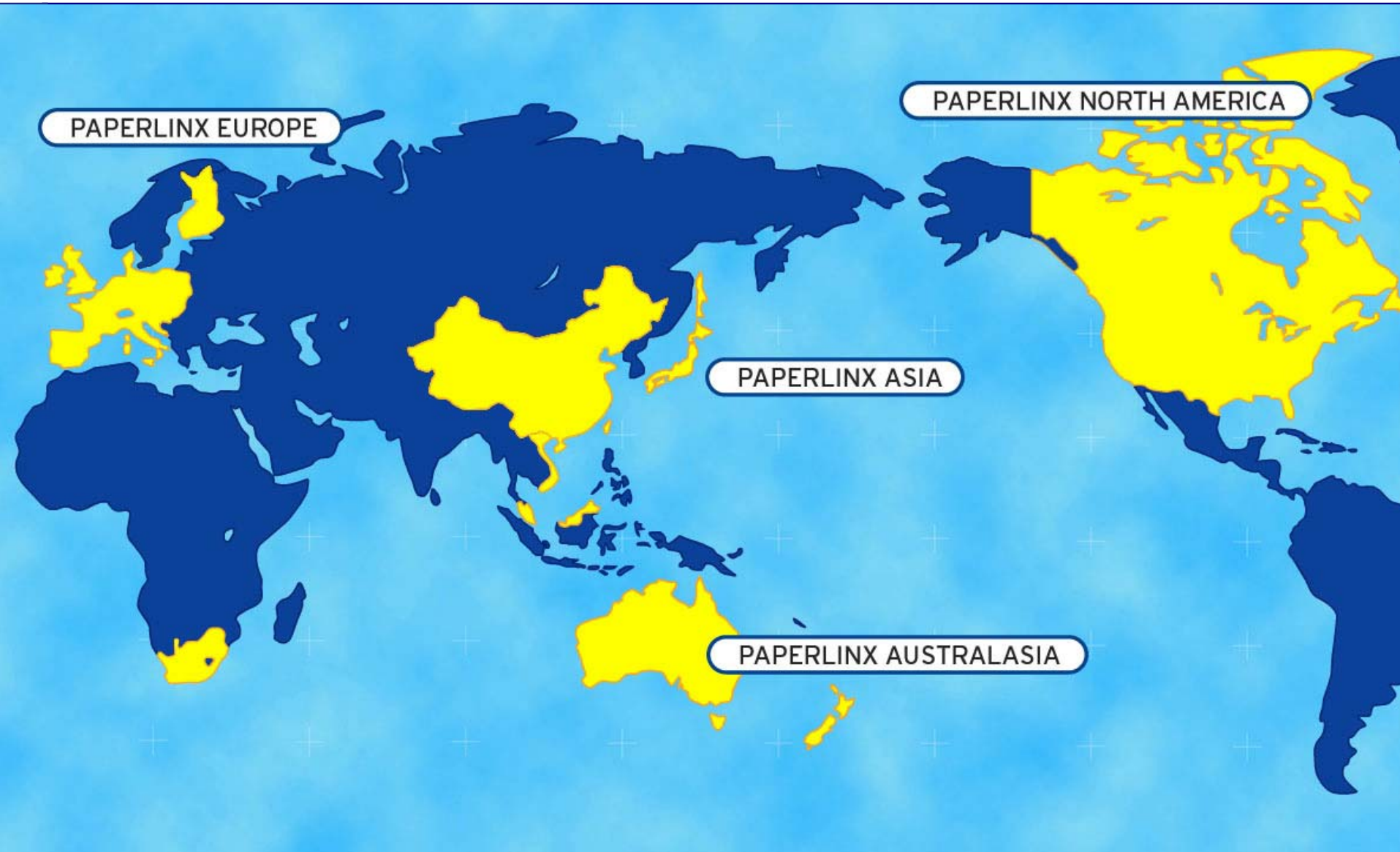
PaperlinX is the world's leading fine paper merchant, with businesses in Australasia, Asia, North America, South Africa and throughout Europe.

Through its Australian Paper division, it is also the only Australasian producer of high quality communication papers and a major Australian producer of high performance packaging and industrial papers.

PaperlinX Global Platform



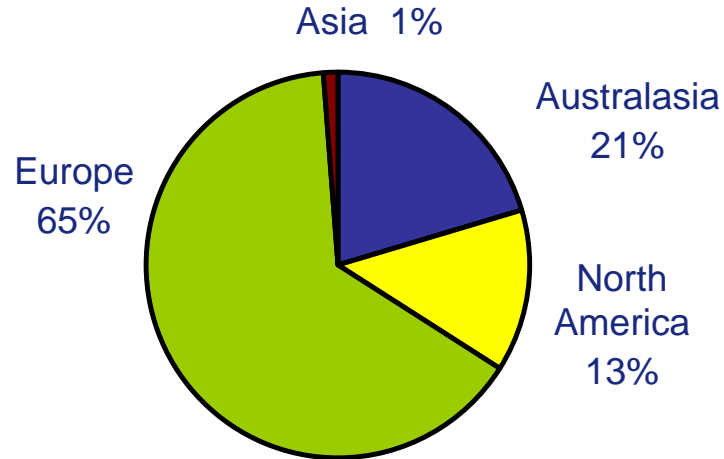
PaperlinX Business Locations



PaperlinX Sales Revenue Split

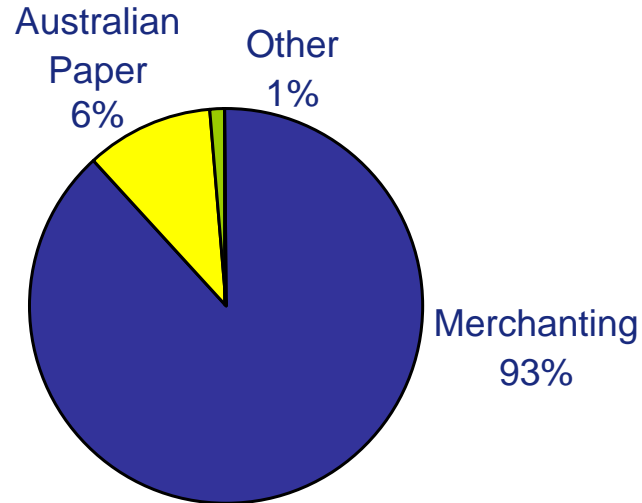
By Region

2004/5



By Business

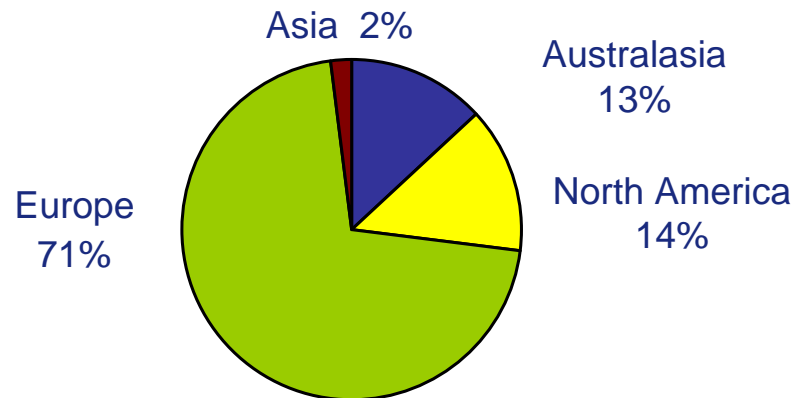
2004/5



PaperlinX Operating Earnings Split

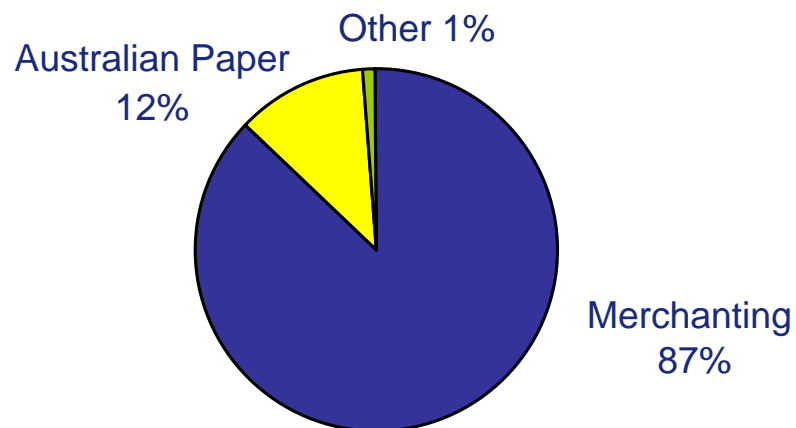
By Region

2004/5

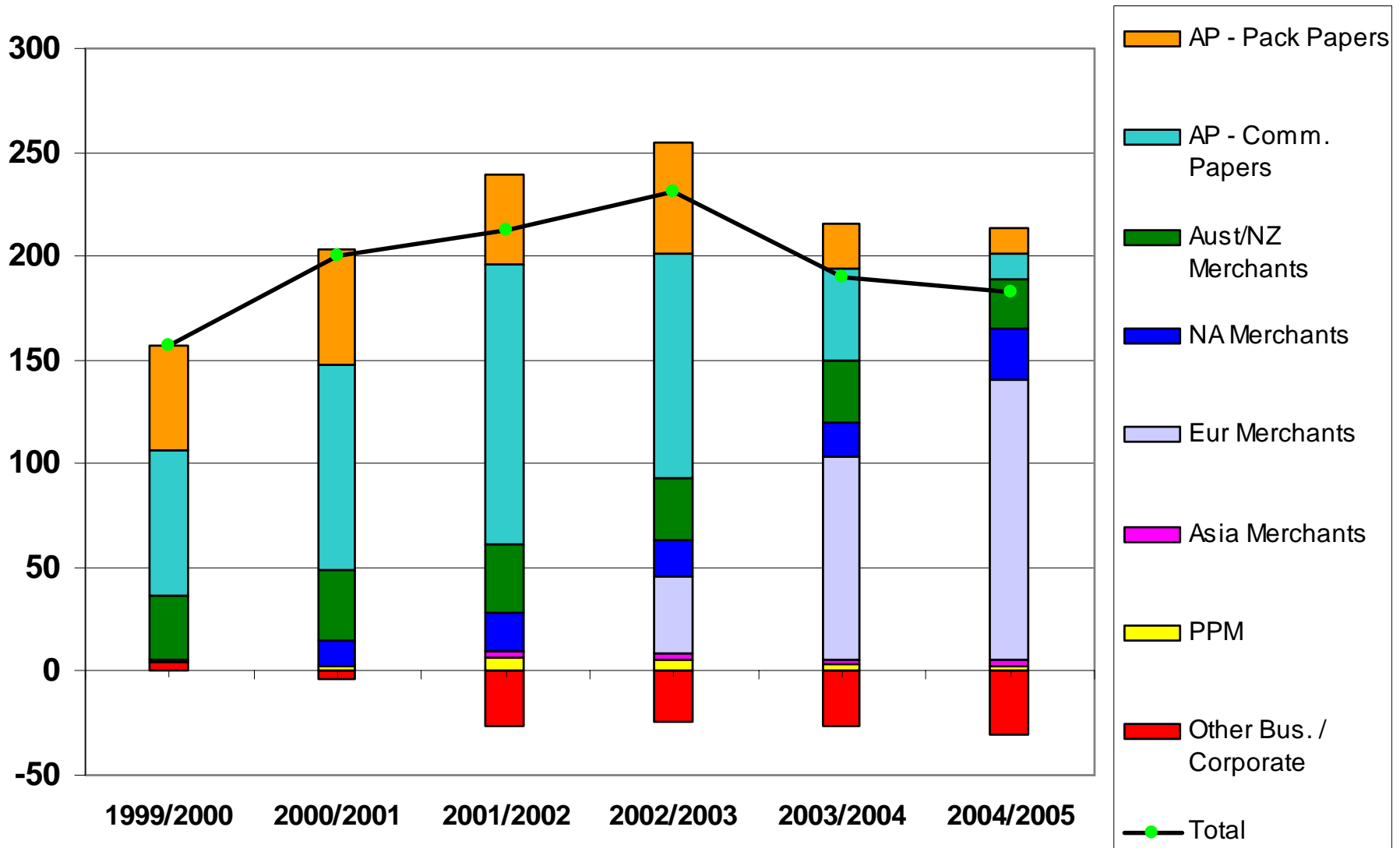


By Business

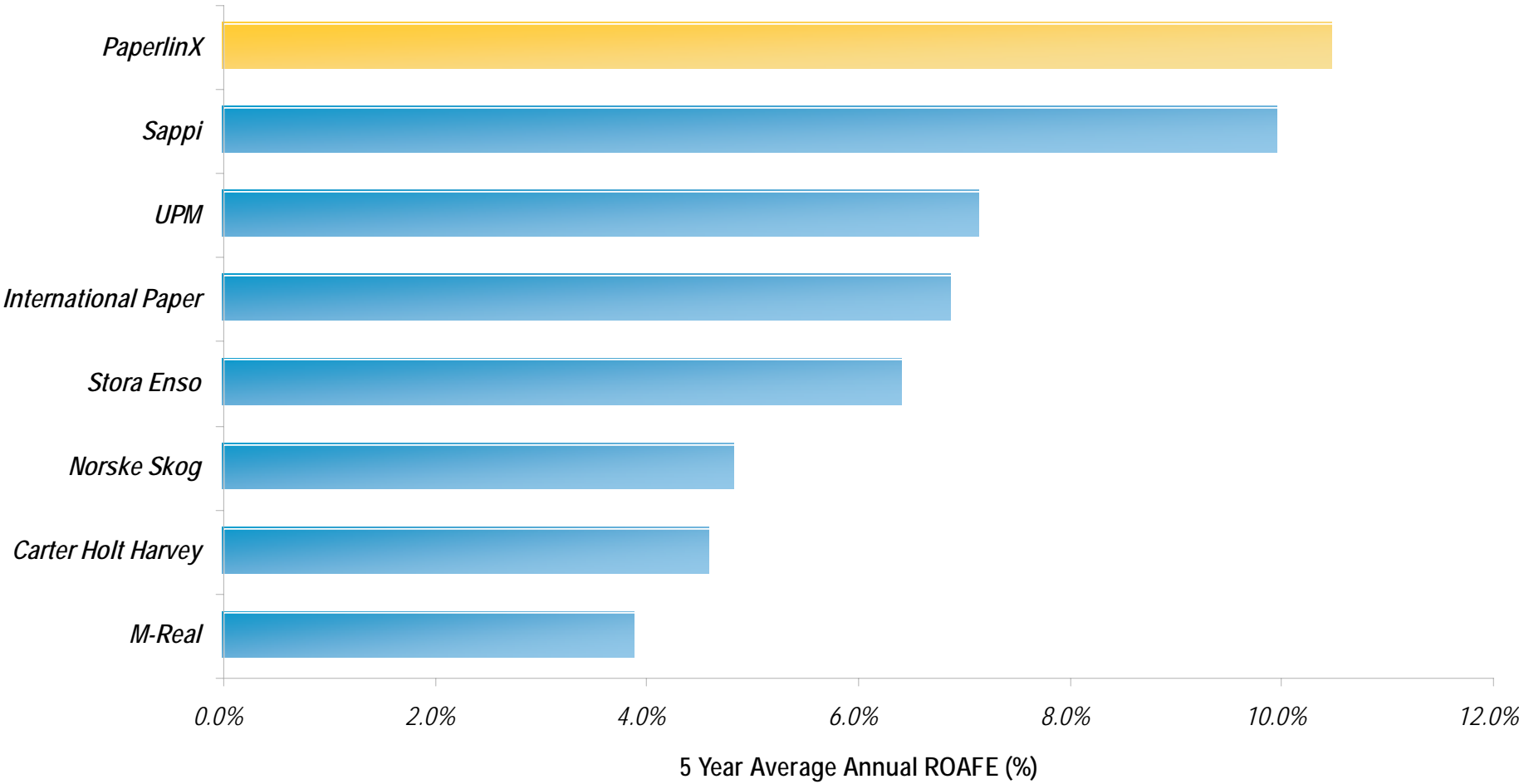
2004/5



PaperlinX Group PBIT (A\$m)



Top Quartile Performance Versus Global Peer Companies – 5 Year



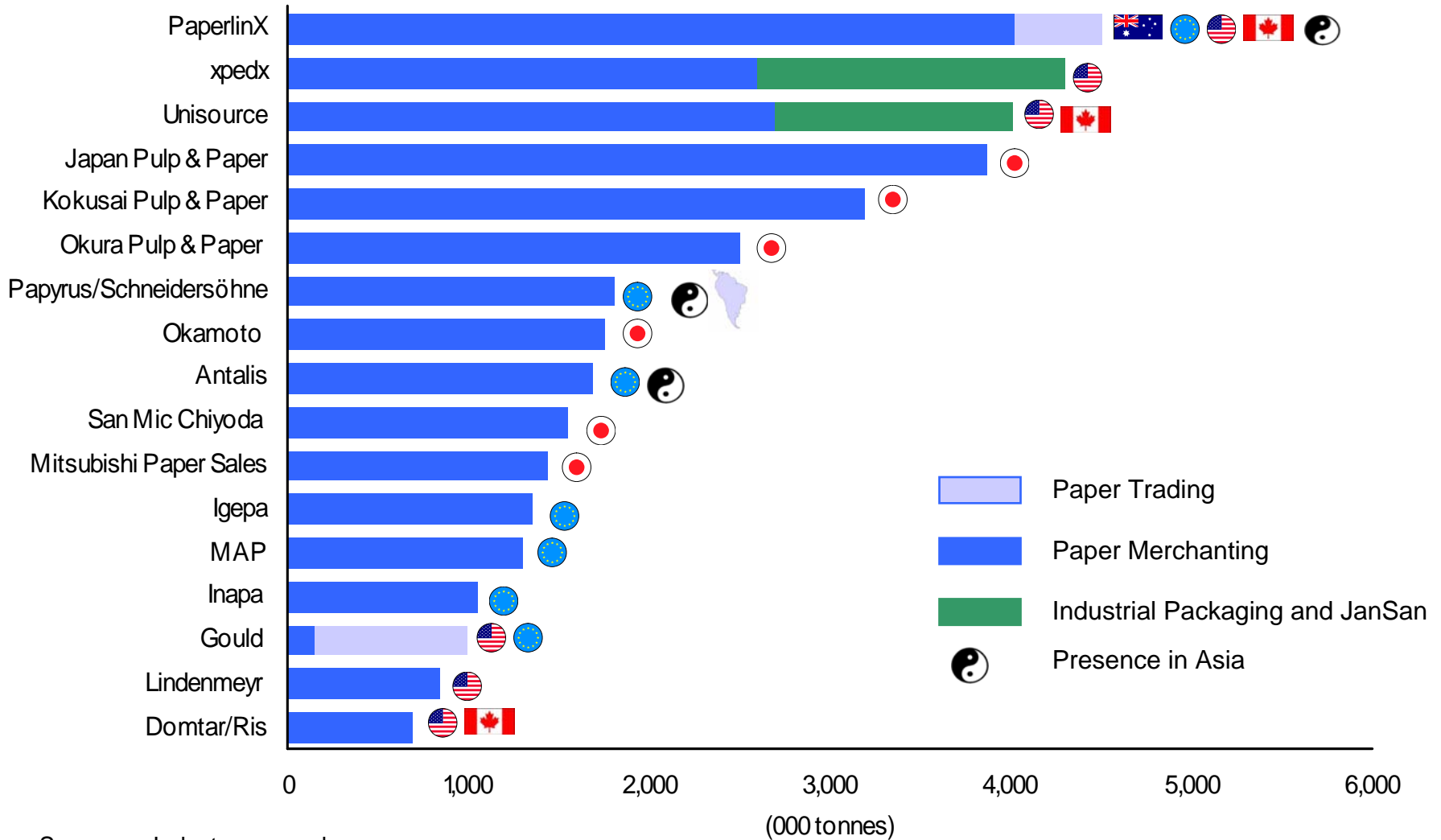
Note: Estimated from company annual reports and interim reports



Paper Merchants

- Only global paper merchant
- Over 4 million tonnes of fine paper and related products
- Significant market share
 - Europe
 - West Coast of the US
 - Canada
 - Australia and New Zealand


Major Fine Paper Merchants



Source: Industry research

Paper Merchant Value Proposition

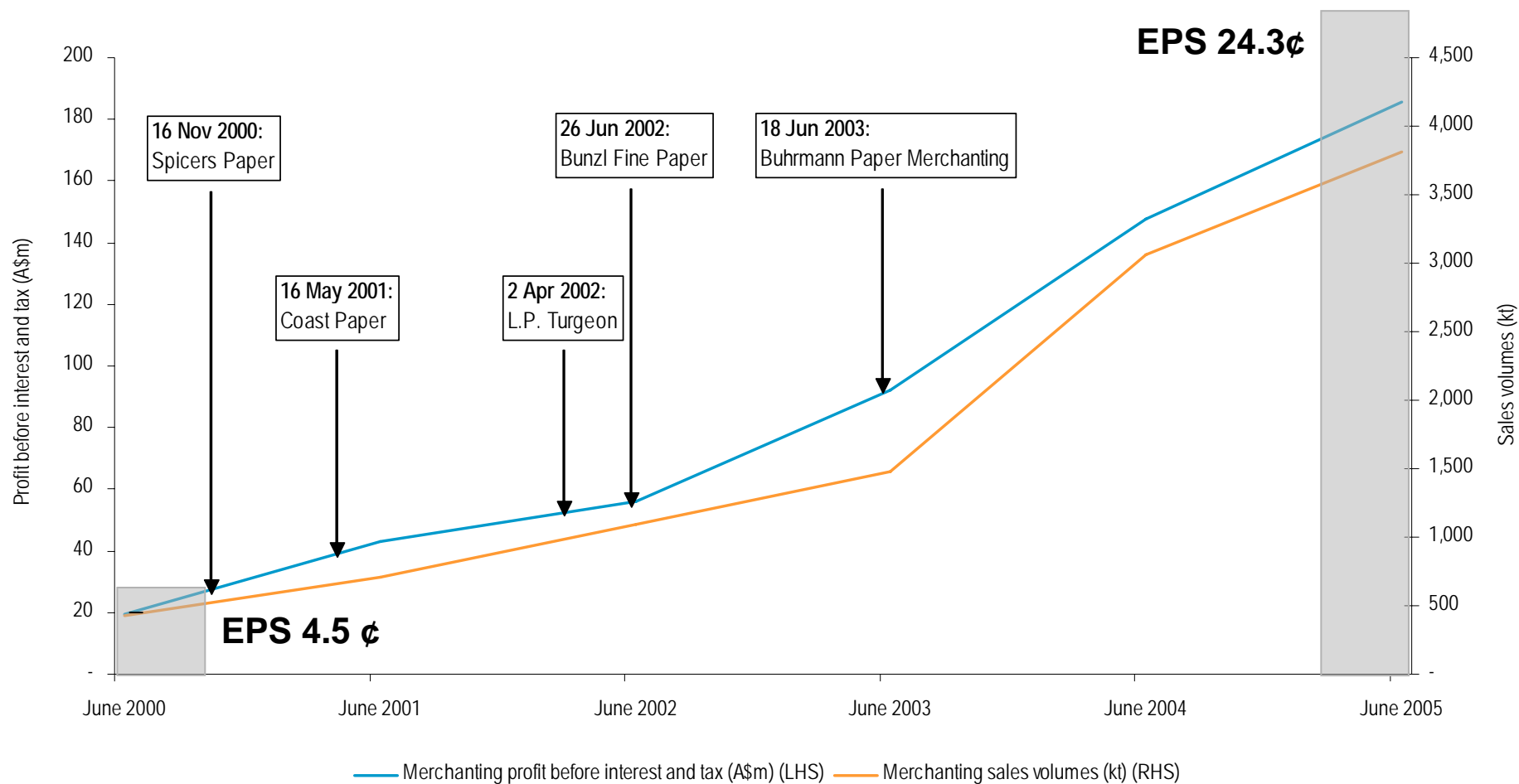
For Suppliers

- Increasing volume  increasing relevance
- Multi-regional / multi-geographies
- Access to many consumers
- Efficiency gains
- Financial strength

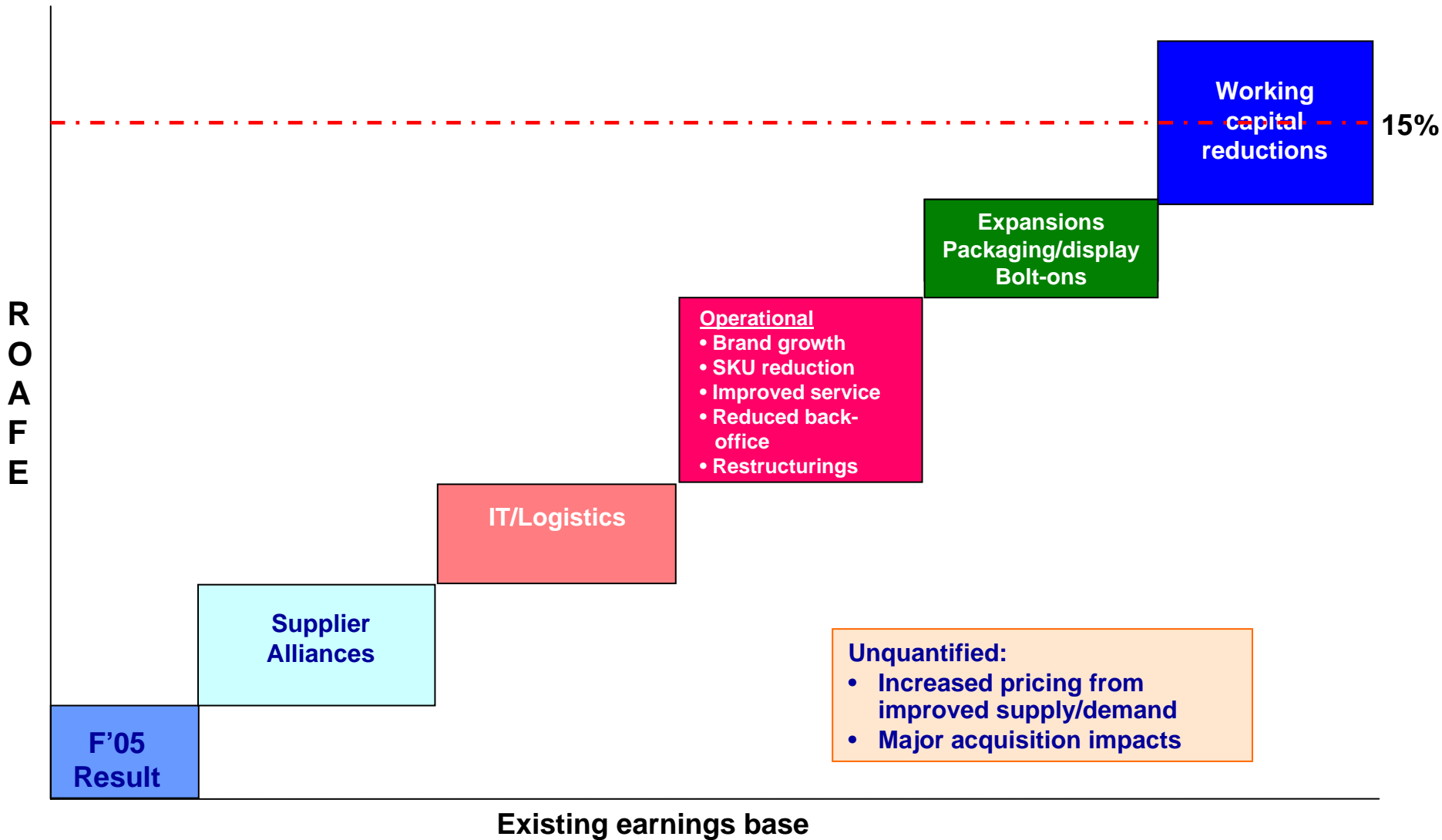
For Customers

- Wide range of the best products, both Mill and Merchant brands
- High service level
- Stock on demand
- 24 hour or less delivery
- Technical/Design support (backselling, or 'pull-through' selling)

Merchanting Growth



Actions to achieve 15% ROAFE for Merchandising



PaperlinX Merchanding Europe

- 1 AUSTRIA
- 2 BELGIUM
- 3 CROATIA
- 4 CZECH REPUBLIC
- 5 DENMARK
- 6 FINLAND
- 7 FRANCE
- 8 GERMANY
- 9 HUNGARY
- 10 IRELAND
- 11 ITALY
- 12 NETHERLANDS
- 13 POLAND
- 14 SERBIA
- 15 SLOVAKIA
- 16 SLOVENIA
- 17 SPAIN
- 18 UNITED KINGDOM



PaperlinX Merchanding North America



PaperlinX Merchanding Australia & New Zealand



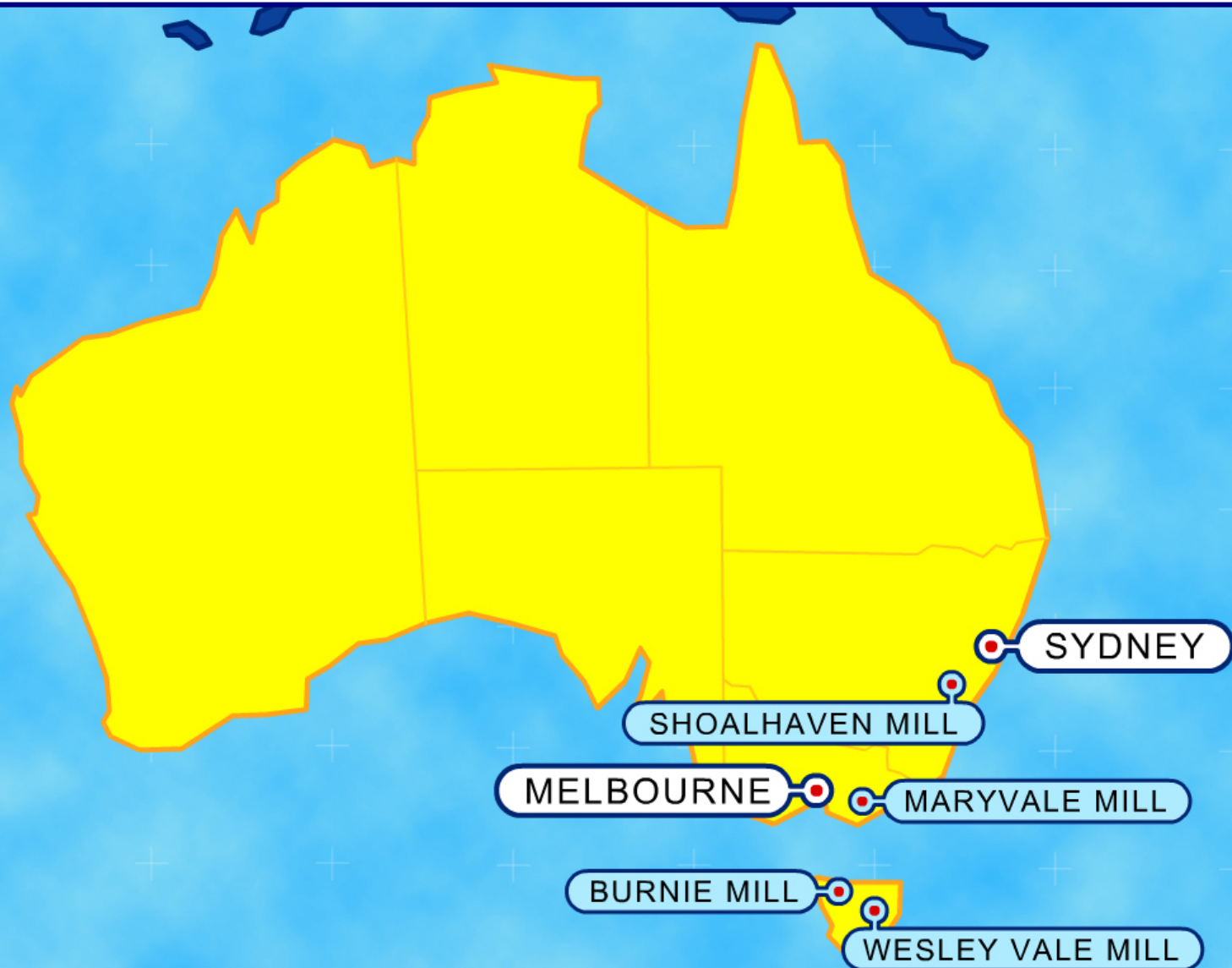
PaperlinX Merchanding Asia



Australian Paper – Paper Manufacturing

- Focus on Australian market
 - 80% of production
- Only manufacturer of communication paper in Australia
- Leading producer of packaging paper
- Leading copy paper manufacturer
- Reflex – Australia's leading office paper
- Strategic long term advantages
 - Branding
 - Long term customer contracts
 - Local supply

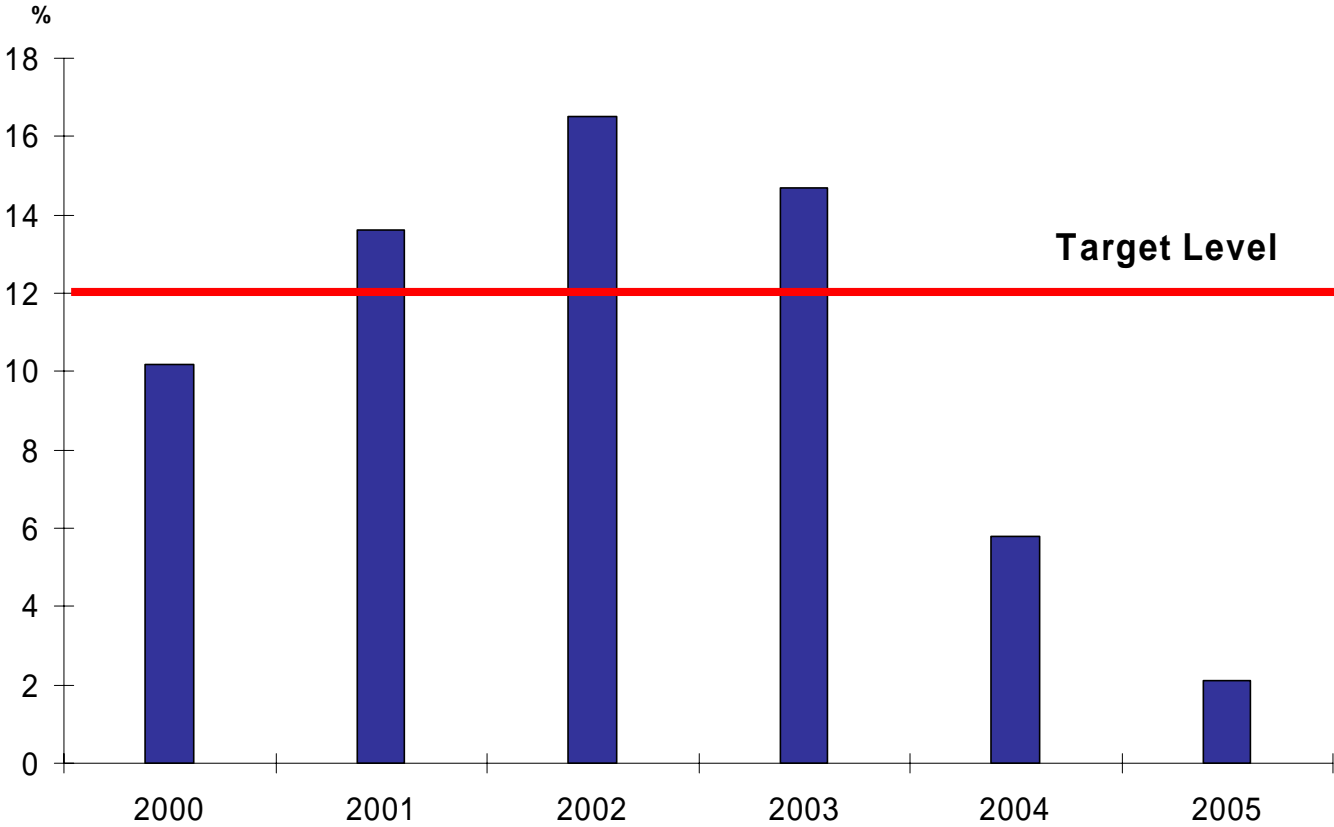
PaperlinX Australian Paper Mills



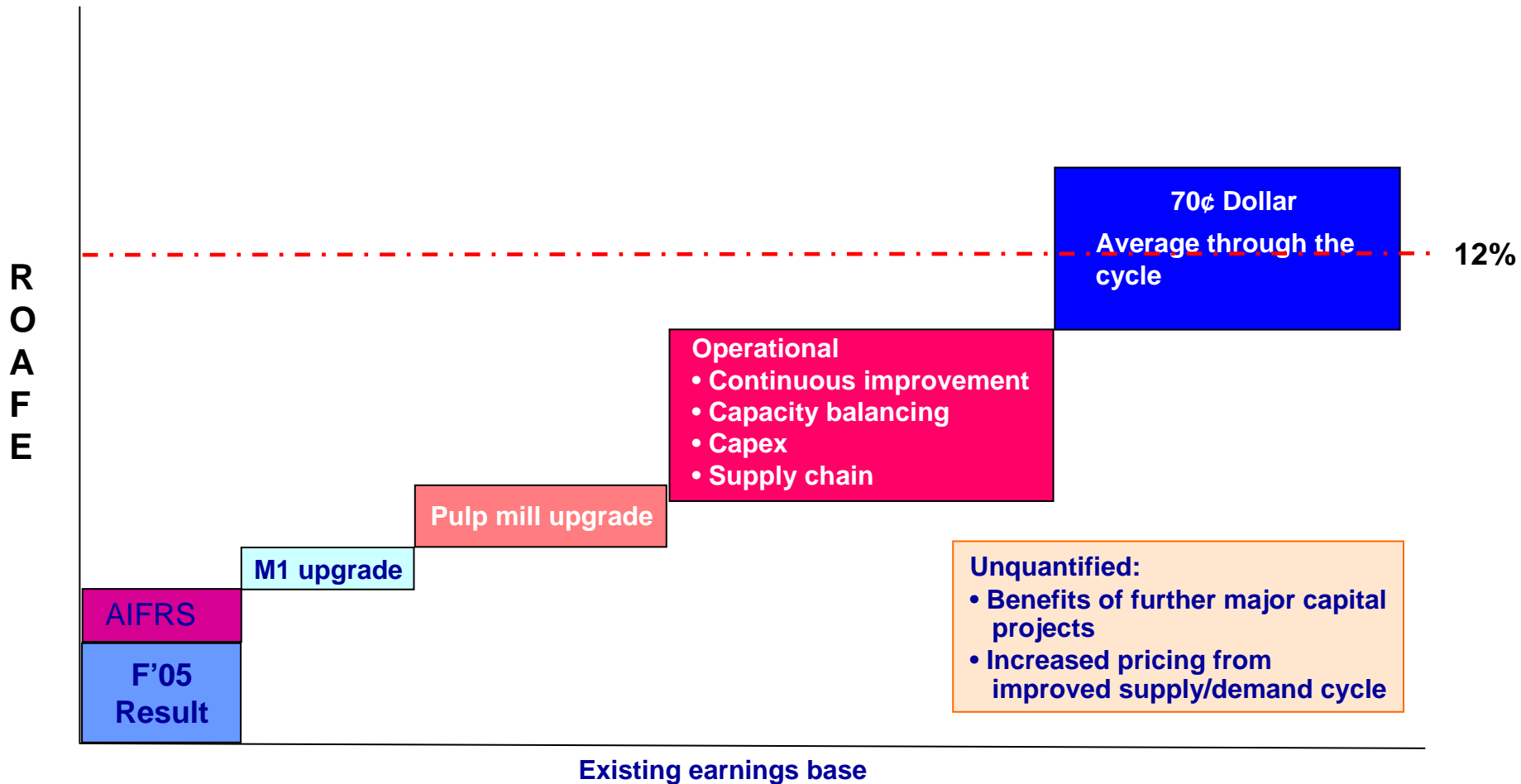
Maryvale Pulp Mill Upgrade and New ECF Bleach Plant

- Upgrading Maryvale Mill's pulp capacity and replacing the existing bleach plant – total cost \$203 million (including \$11 million of capitalised interest)
- Upgrade of ancillary services – total cost \$55 million from ongoing capital expenditure budget (\$18.2 million per year over 3 years)
- Underpinning business capacity to meet “through the cycle” return targets
- Improves competitive position both in terms of cost and product quality
- Leverages on strategic advantages
- Improves environmental performance

Australian Paper Return on Funds Employed



Actions for Australian Paper to achieve 12% ROAFE through the cycle



Major business initiatives

- The Delivery Company in the UK
- Netherlands integration
- Closure of Shoalhaven 1 paper machine
- Exiting Unsustainable markets – Sweden, Portugal
- European IT platform
- Strategic supplier alliances
- Expansion into complimentary categories
- Growth of own brands
- Rebuild of Maryvale 1 paper machine
- Maryvale pulp mill upgrade
- Acquisition of Cascades Resources in Canada

Our Key Brands



THE ESSENTIALS



Appendices

Financial Summary

		<u>June</u> <u>2005</u>	<u>June</u> <u>2004</u>	<u>June</u> <u>2003</u>	<u>June</u> <u>2002</u>	<u>June</u> <u>2001</u>	<u>June</u> <u>2000</u>
Earnings Before Interest, Income Tax, Depreciation and Amortisation	\$m	307.7	300.7	313.2	285.9	263.7	206.8
Earnings Before Interest And Income Tax	\$m	184.9	189.7	230.9	213.1	200.4	156.8
Earnings Before Income Tax	\$m	116.4	141.2	190.4	176.9	157.5	120.5
Earnings After Tax, Before Goodwill Amortisation (excl ATC)	\$m	111.6	126.0	147.7	133.4	110.3	87.8
Earnings After Tax, Before Goodwill Amortisation (incl ATC)	\$m	188.6					
Profit After Tax	\$m	91.5	108.5	132.1	123.0	105.6	86.9
Profit After Tax including ATC	\$m	168.5					
Earnings Per Share, Before Goodwill Amortisation (excl ATC)	cps	25.0	28.6	41.2	41.4	38.9	34.2
Earnings Per Share (excl ATC)	cps	20.5	24.7	36.9	38.2	37.2	33.8
Return On Average Shareholders Equity (excl ATC)	%	5.2	6.2	9.3	10.0	9.7	9.2
Net Interest Cover	X	2.7	3.9	5.7	5.9	4.7	4.3
EBITA / Average Funds Employed	%	7.1	8.2	13.1	13.2	12.1	10.6
EBIT / Average Funds Employed	%	6.4	7.5	12.3	12.6	11.8	10.5

Financial Summary

		<u>June 2005</u>	<u>June 2004</u>	<u>June 2003</u>	<u>June 2002</u>	<u>June 2001</u>	<u>June 2000</u>
Dividend	cps	25.5	27.5	27.5	27.0	27.0	5.0
Dividend Franking	%	0	0	50	87	100	100
Capital Expenditure (excluding acquisitions)	\$m	86	55	64	66	49	54
Capital Expenditure (including acquisitions)	\$m	131	1,178	391	90	373	54
Net Tangible Assets per Share	\$	3.21	3.15	3.30	3.11	2.99	3.54
Shareholders Equity (30 June)	\$m	1,812	1,813	1,646	1,213	1,178	947
Net Debt	\$m	874	1,033	144	332	691	548
Net Debt / Equity	%	48.2	57.0	8.8	27.3	58.6	57.8
Net Debt / Net Debt & Equity	%	32.5	36.3	8.1	21.5	37.0	36.6
Cash Flow from Operations	\$m	273	403	234	339	197	n/a

Financial History

A\$millions

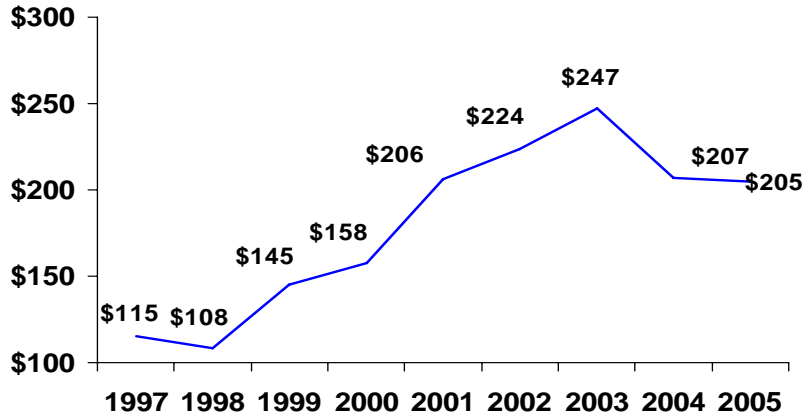
	2005	2004	2003	2002	2001	2000
Revenue						
Merchants and Trading	7,035.3	5,620.4	2,966.8	2,220.2	1,398.9	619.2
Communication Papers	699.8	714.7	787.5	828.3	794.0	701.1
Packaging Papers	242.9	254.2	275.6	285.4	275.4	310.4
Other	100.6	100.5	110.1	259.4	468.7	382.6
Intercompany	(504.5)	(478.2)	(522.2)	(632.7)	(584.2)	(427.1)
Revenue	7,574.1	6,211.6	3,617.8	2,960.6	2,352.8	1,586.2
EBIT						
Merchants and Trading	185.8	147.5	92.0	57.9	43.0	19.5
Communication Papers	12.3	44.8	108.4	134.8	97.2	65.8
Packaging Papers	10.0	21.6	53.9	43.2	53.5	60.4
Other	(23.2)	(24.2)	(23.4)	(22.8)	6.7	11.1
EBIT	184.9	189.7	230.9	213.1	200.4	156.8
Net Interest	(68.5)	(48.5)	(40.5)	(36.2)	(42.9)	(36.3)
EBT	116.4	141.2	190.4	176.9	157.5	120.5
Tax	(24.8)	(32.5)	(58.3)	(53.9)	(51.9)	(33.6)
Income Tax Credit (ATC)	77.0					
NPAT	168.6	108.7	132.1	123.0	105.6	86.9
Outside Equity Interests/Abnorm	(0.1)	(0.2)	0.0	0.0	0.0	24.6
NPAT after abnormals	168.5	108.5	132.1	123.0	105.6	111.5

2000 based on proforma

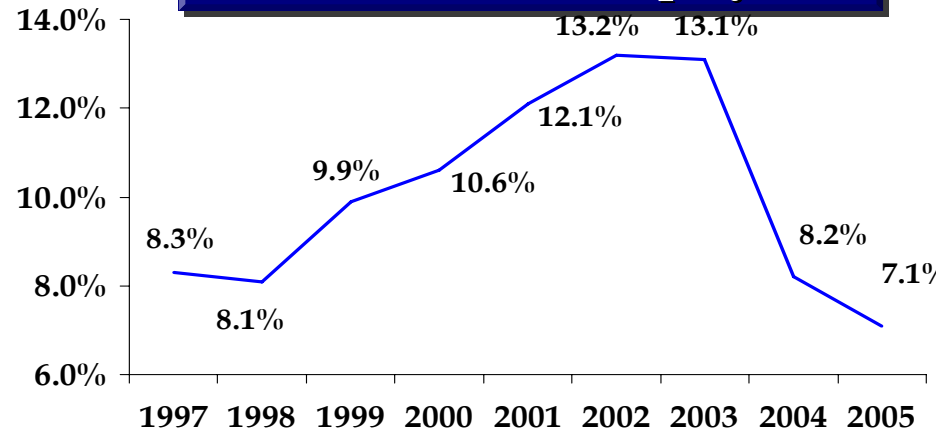
PaperlinX

Financial History (incl proforma history)

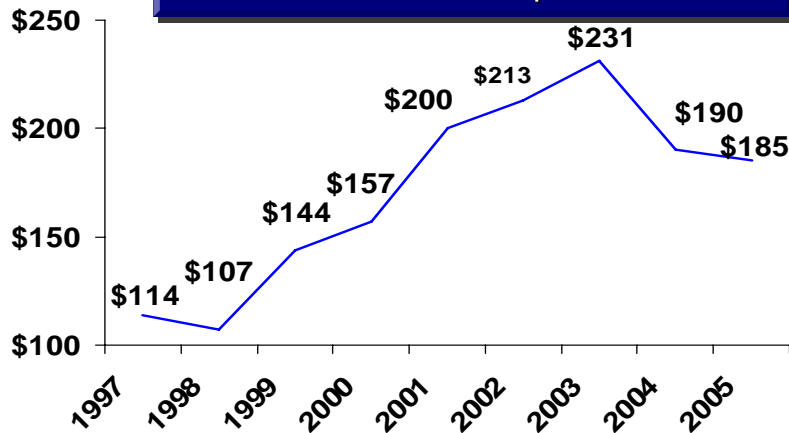
EBITA - \$m



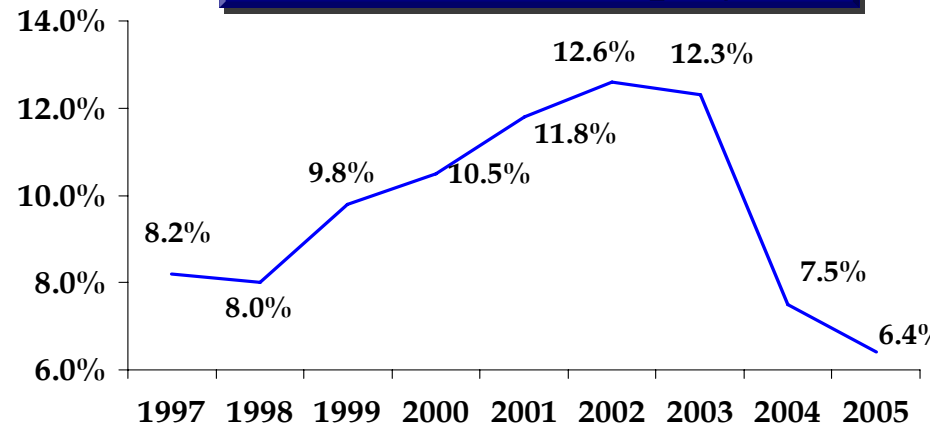
EBITA/Funds employed



EBIT - \$m



EBIT/Funds employed



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 our 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

PaperlinX Merchanting Acquisition Criteria

- Low risk, profitable
- Good management
- Stockist Merchant of high quality fine paper
- Key supplier relationships
- Wide spread of customers
- Satisfactory logistics, and possibly e-commerce
- Meets our return criteria
 - earnings per share positive in year 1
 - 15% return on funds employed by end of year 3

PaperlinX's Paper Manufacturing

Location	Machine	Key Products ¹	Capacity (tonnes/yr) ²
Maryvale, Victoria	M1	Sack kraft	70,000
	M2	Bag papers	30,000
	M3	Uncoated woodfree papers	80,000
	M4	Linerboard	240,000
	M5	Office papers	185,000
Shoalhaven NSW	S2	Specialty papers	14,000
	S3	Specialty papers	16,000
Burnie, Tasmania	B4	Woodfree base for coating	50,000
	B10	Uncoated woodfree papers and base for coating	85,000
Wesley Vale, Tasmania	WV11	Film coated offset	80,000
	WV12	Woodfree coating	72,000
Internal Use			(65,000)
Total			857,000

Notes:

1. Communication papers are coloured blue and packaging papers are coloured black

2. Actual capacity may vary from nominal capacity shown, depending on the mix of paper and weights of paper made on each machine.

Time Line

- April 2000 Listed on the Australian Stock Exchange, demerged from Amcor
- January 2001 Acquisition of Spicers Paper (International paper distributor)
- May 2001 Acquisition of Coast Paper (Canadian paper distributor)
- June 2001 ISO14001 Environmental accreditation at all paper mills
- August 2001 Australian Paper Plantations sold
- September 2001 Edwards Dunlop Paper and Commonwealth Paper sold
- October 2001 Amtrade chemical trading business sold
- March 2002 Australian Paper signs National Packaging Covenant
- April 2002 Acquisition of Turgeon Paper (Canadian paper distributor)
- July 2002 Acquisition of Bunzl Fine Paper (UK paper distributor)
- July 2002 36 million shares issued through institutional placement and SPP

Time Line (cont.)

- October 2002 US\$400m multi-currency debt facility established
- December 2002 Bunzl Fine Paper renamed The Paper Company
- February 2003 New transaction and management control computer system implemented in Australian Paper
- May 2003 New transaction and management control computer system implemented in initial Australian merchants
- June 2003 54 million shares issued through institutional placement
- August 2003 34 million shares issued through share purchase plan
- November 2003 Acquisition of Buhrmann Paper Merchanting Division – renamed PaperlinX Europe
- February 2004 New CEO commences
- November 2004 Purchase of small Danish paper merchant
- August 2006 Upgrade of Maryvale mill pulp capacity announced
- March 2006 Acquisition of Canadian paper merchant, Cascades Resources

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