



Annual General Meeting

Chairman – David Meiklejohn

Order of Business

- Introduction
- Chairman's address
- Managing Director's address
- Discussion of accounts
- Election of Directors
- Consideration and vote on Remuneration Report
- Consideration and vote on non-executive Directors' remuneration
- Consideration and vote on renewal of Partial Takeovers Provision
- Refreshments

Introduction

- Challenging conditions throughout 2006
- Internal initiatives and momentum
- Balanced earnings
- Focus on longer term sustainable returns

Agenda

- Year in review
- Future strategy
- Corporate Governance
- Workplace safety
- September quarter results
- Outlook

Year in Review

- Key external factors
 - Global supply / demand
 - Paper selling prices
 - Continued weak US dollar
 - Input costs
- Creditable paper merchandising result
- Depressed manufacturing result
- Returns in top quartile of industry
- Key strategic initiatives on track
- Dividend Reinvestment Plan

Future Strategy

- Strengthening and improving Australian manufacturing
- Building on an expanding merchanting platform
- Focus on financial fundamentals

Corporate Governance

- Committed to best practice
- Restructuring of Directors' remuneration
 - comply with best practice guidelines
 - terminate existing retirement scheme
 - resolution later in meeting

Workplace Safety

- Strong commitment at all levels
- Board priority
 - Continual improvement
 - Targets
- Reflected in senior management incentives

September Quarter and Outlook

- Challenging conditions continued in the first quarter
- First quarter ahead of prior corresponding period
- Positive developments appearing in overseas markets
- Manufacturing will need improved external conditions to fully deliver targeted returns

Conclusion

- Difficult economic conditions
- Positive momentum
- Focus on clear targets
- Substantial effort with good progress



Annual General Meeting

Managing Director – Tom Park

Introduction

- Strategic Initiatives to improve long term returns
- Industry structure
 - Global over capacity
 - Higher input costs
 - Solutions in the manufacturers' hands
- Internal focus on efficiency

2006 Group Results

- **Net profit** **A\$ 65.4 million**
 - Down on prior year
 - One-off items
 - Stabilised in second half

- **Operating earnings (EBIT)** **A\$152 million**
 - Weaker in Australian, NZ and UK markets, and Australian Paper
 - Strong in North America and Asia
 - Operating cash flow A\$260 million
 - Working capital reduction A\$88 million

2006 Business Performances

	VOLUME	PRICES	COSTS	PROFITS
Australian/New Zealand Merchanting	↓	↓	↓	↓
Asian Merchanting	↑	↑	↓	↑
Paper Trading	↓	↑	↓	↑
North American Merchanting	↑	↑	↑	↑
European Merchanting	↓	↓	↓	↓
Australian Paper	↓	↓	↑	↓

Core Operating Principles

Our Core Operating Principles have provided guidance to improve our competitiveness and position ourselves for improved returns going forward:

- 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

Key Strategic Initiatives

- Built from our core operating principles
- Investing in the future
- Positive and growing contribution from 2007
 - Net \$23 million in 2007 (\$35 million less \$12 million for new initiatives)
 - Over \$100 million in 2009
- Tough decisions taken

Cascades Acquisition



SPICERS

a Division of PaperlinX Canada Limited



- \$100 million cost
- 15% return achieved
- Sale of western Canadian business

Exit from Portuguese Market



Shoalhaven PM 1 Closure



- Improve efficiency
- One-off cost of \$15 million

Upgrade of Maryvale Paper Machine 1



- Upgrade complete
- Product uptake improving

Pulp Mill and Bleach Plant Upgrade



- \$203 million investment
- Lower pulp cost
- Environmental and quality benefits

Netherlands Integration



BührmannUbbens



Proost en Brandt



The Delivery Co



- Integrated logistics
- Improves service
- 1st site operational

European IT Platform

- Common European IT platform
- Launched in Ireland successfully
- Roll-out progressively



PaperlinX Office



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Maryvale Wood Yard Outsourcing



- Agreement concluded
- Quality and cost benefits

Environment



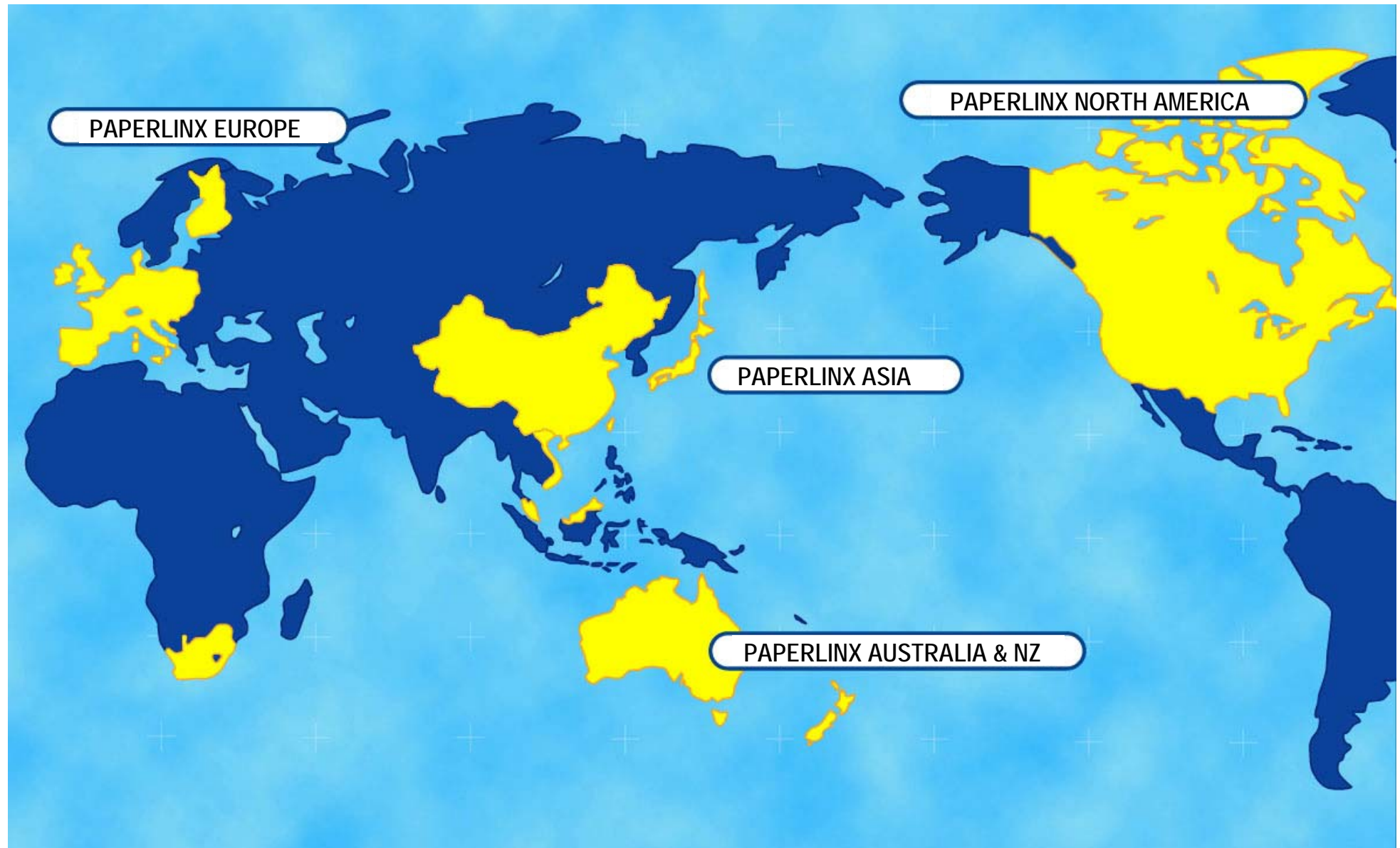
- Continuous improvement in social and environmental performance
- Strategic investments
- “Cores and Links” local example
- FSC (Forestry Stewardship Council) chain-of-custody certification
- Recycling
- FTSE 4 Good Index

Our People



- Leadership training
- Advanced sales training programme
- Workplace safety
 - LTIFR down by 27%
 - “Search for the Future”

PaperlinX



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