

Report of the Month

ReportWatch e.com

December 2008

PaperlinX

Mount Waverley, Victoria, **Australia**



Report Facts

Company name: PAPERLINX Limited

Fiscal year end: June 30, 2008

Report title: *People. Paper. Progress.*

Chairman: David Meiklejohn

Chief executive officer: Tom Park

Number of books: 3

Report length: 32 + 108 + 16 pages

Auditors: KPMG

Design: Amanda Roach Design

Investor relations e-mail: N/A

Report Rating: ★★★(★)

(Rating scale below)

Profile-Mission (Excerpts, as from the report)

PaperlinX is one of the world's largest fine paper merchants. Distributing nearly four million tonnes of ... paper... and graphic products... in five continents. 27 countries. 366 locations. 780,000 tonnes manufactured.

(Report p 1, p 4)

Key Figures

Sales: Aus\$ 7,485.1 million

EBITDA: Aus\$ 254.3 million

Profit before tax: Aus\$ 100.4 million

Basic earnings per share: Aus cents 10.1

Cash dividends: Aus cents 6.5

Return on capital employed: 5.7%

Debt to debt and equity: 28.7%

(Source: figures sourced from the annual report)

Some Competitors

- INTERNATIONAL PAPER
- WEYERHAEUSER
- GEORGIA-PACIFIC
- DOMTAR
- ABITIBOWATER
- KIMBERLY-CLARK
- STORA ENSO
- UPM
- SCA
-

Report Rating: ★★★(★)

Pluses

- > Strongly stated mission, profiling and identity, thanks to the simple yet effective use of visual features on paper: a P-based cover, a visual thread with full-page illustrated breaks –also used for number highlights (see Selected Page below), an intensive use of the yellow corporate color.
- > *Highlights* and *Summary financials* span over 3 to 5 years and include key ratios and good segment data.
- > An update on *Major business initiatives*.
- > Good yet relatively short overviews of business areas.
- > Excellent contents about governance: from board presentation and details to the extensive *Directors' report*, from the shareholding structure to directors' interests and remuneration.

Pluses-Minuses

- > Note 45 fairly describes financial risks and their management. But it's note 45 ending on *Report* p 102.
- > Yet containing worthwhile data, a paper-thin *Sustainability Report* (16 pages) doesn't fulfil up to best practice in the industry, e.g. with goals lacking in figures and set for the coming year only.

Minuses

- > The *Full financial report* is not most aptly named as it just consists of statements and 46 accompanying notes. These are mainly made of plainly put tables without further commentary.
- > The *Finance overview* is really one: half a page (report p 43) that writes one (1!) line about equity and less than four (4!) on *Cash Flow and Working Capital*. Actually, the extended *Report* adds very little financial information value to the compact *Review*.
- > *Shareholder enquiries?* Directed to an anonymous *Share Registry*. No investor relations contacts and not many extras on the website.
- > Why not showing the same care for designing the extended *Report* as the one used in the *Review*? The former seems to be in the hands of accountants while the latter is made by... merchants.

Rating Scale

★★★★: First-rate ★★★(★): Excellent ★★★★: Very good ★★★(★): Sound ★★*: Average

★★(★): Uneven ★★: Common ★(★): Substandard ★: Poor (★): Uncompetitive

The rating is based on ReportWatch internal desk research and does not take into account the independent Rating Panel's judgment. It may therefore differ from ratings (to be) published in the **Annual Report on Annual Reports**.

How does the company report in key areas? What are the main report pluses and minuses?

*The **Report Scan** gives an overview of strengths and weaknesses, and scores each item.*

Contact e.com@reportwatch.net

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