Corporate Express Australia Limited

Results to 31 December 2008

Grant Harrod, Managing Director
Grant Logan, Finance Director

27 February 2009

Agenda

1. Summary to 31 December 2008
2. Business Model
3. Business Scorecard
4. Financial Summary – 31 December 2008 Results
5. NZ Update
6. Business Transformation Strategy
7. 2009 Earnings Growth Strategy & Outlook

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Summary to 31 December 2008

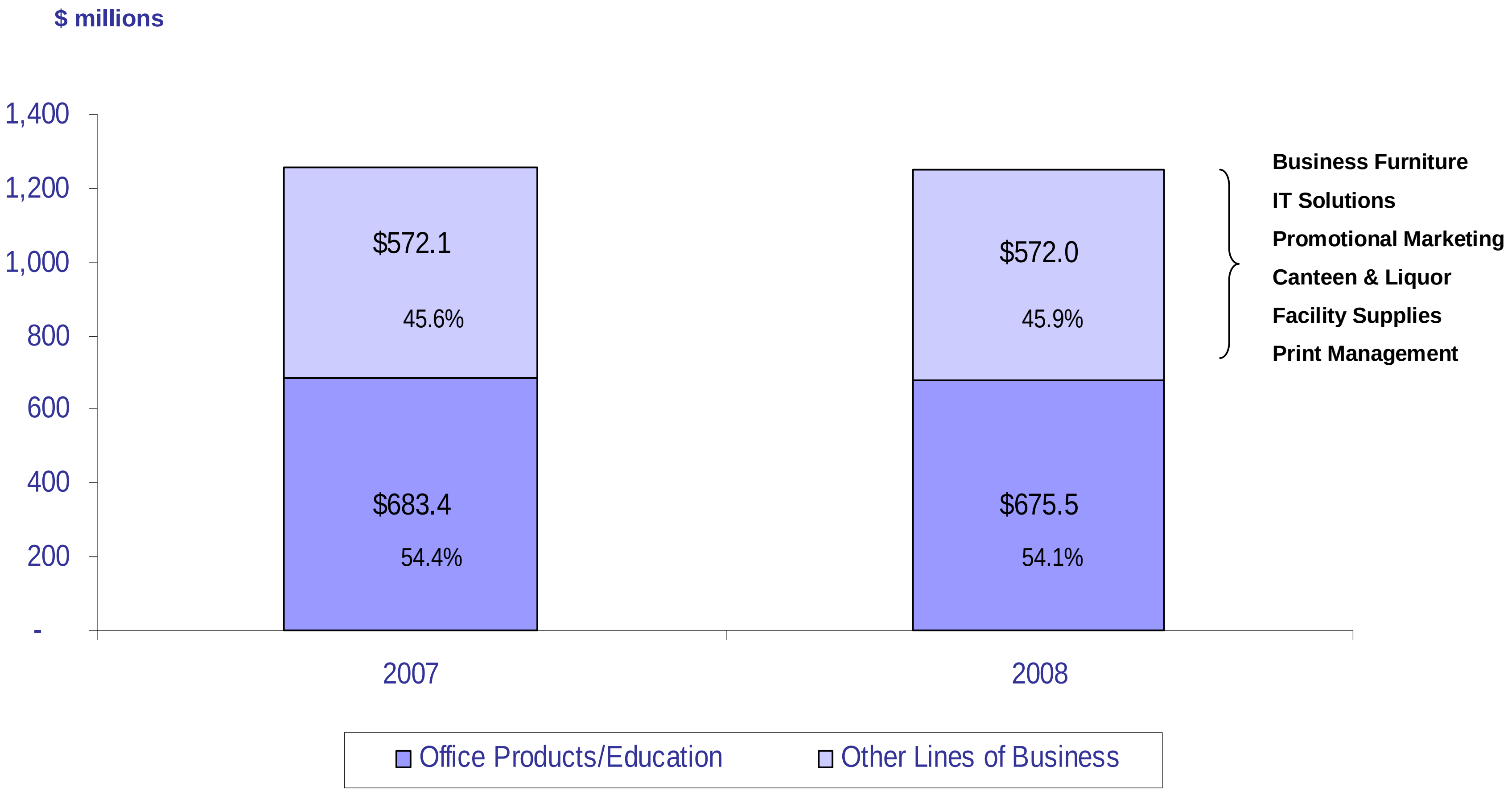
Total revenue	$ 1,302 million	Flat
EBITDA	$ 121.2 million [1]	Flat
Net Profit After Tax & before one offs	$66.0 million	▼ 3.0 %
Net Profit After Tax & after one offs	$61.4 million	▼ 9.7 %
Basic earnings per share	36.6c [2]	▼ 7.6 %
Exclusive brand sales vs like sales	32.0%	▲ 200 bps
Order lines received by e-commerce	76.5%	▲ 250 bps
Final Dividend / fully franked	13.0c[3]	

1) Before one-off costs

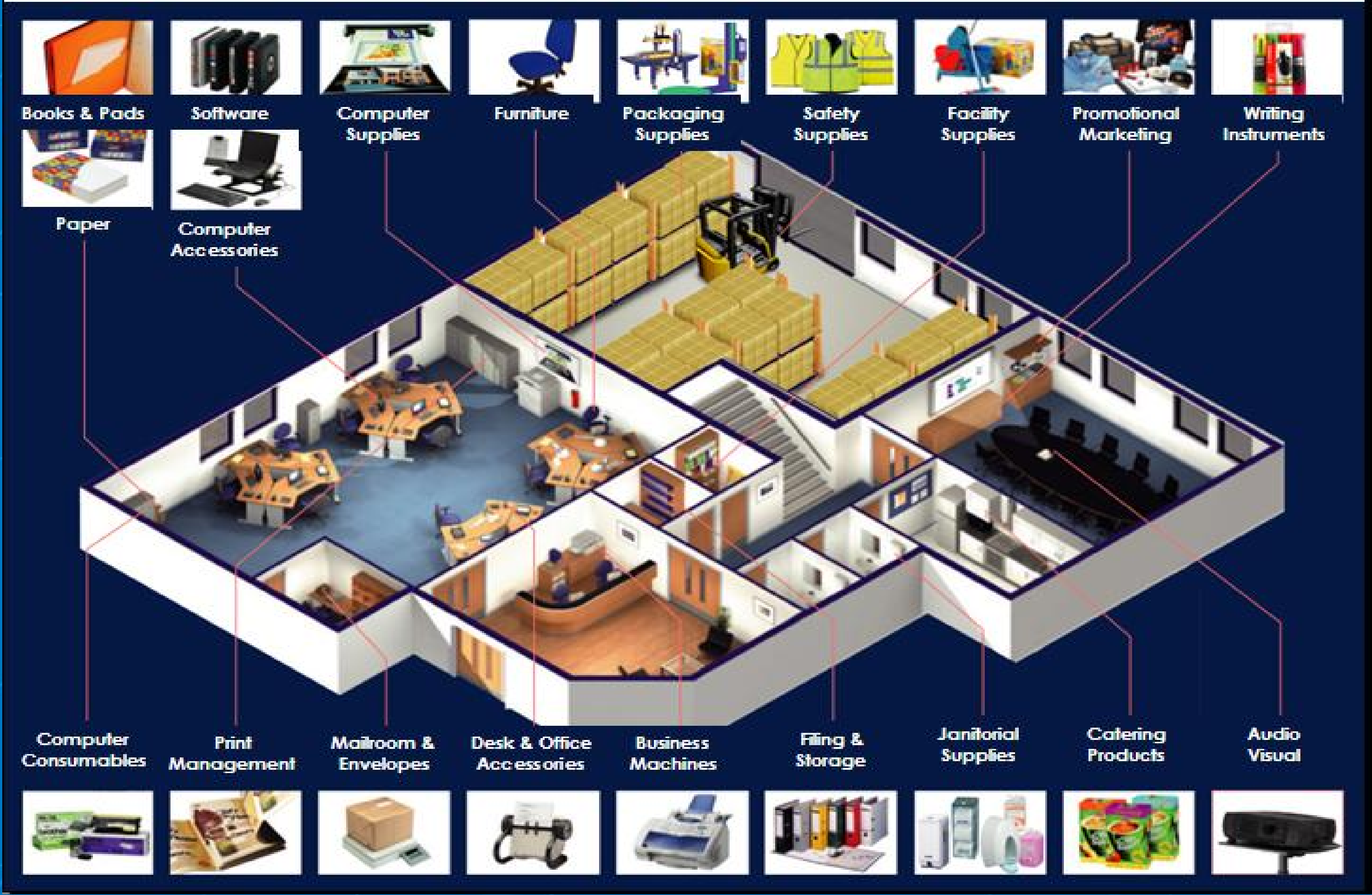
2) Calculated on weighted average number of shares on issue

3) No further dividend on release of results for 31 January 2009 (Total dividends - 26.5c)

Sales Mix


$ millions
1,400
1,200
1,000
800
600
400
200
-
$572.1
45.6%
$683.4
54.4%
$572.0
45.9%
$675.5
54.1%
2007
2008
Business Furniture
IT Solutions
Promotional Marketing
Canteen & Liquor
Facility Supplies
Print Management
Office Products/Education
Other Lines of Business

A Better Way to Do Business



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Business Scorecard Update

2008 Objectives	YTD Result	Outcomes
Sales		
Continue Single Source Model roll out		Secured additional multi-line customer contracts
Growth via Mid market segments		Grew share to offset softening in large customer base
Increase sales head count		Completed, focus on optimisation via Project Velocity
E-commerce		76.5% of order lines received electronically up 250 bps
Customer Satisfaction		Steady
Business Transformation		
Implement NSW Warehouse Facility Project Ulysses		Completed
Supply chain efficiencies – Project Troy		Progressing
Process standardisation & IT infrastructure Project nXtgen		On schedule, HR and Payroll modules implemented

Business Scorecard Update

2008 Objectives	Result	Outcomes
Merchandise		
Expand Exclusive Brand program	Green	Up 200 bps
Rationalise SKU's	Yellow	Reduced by 15%
Direct Imports	Yellow	Reviewing collaboration with Staples
Corporate Social Responsibility		
Sustainable Supply Chain	Green	Awarded Ethical Investors “Sustainable Company of the Year” award
People	Green	Continued investment in HR; staff turnover reduced
Capital Management		
Acquisitions	Red	No acquisitions closed in period

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Financial Summary – 12 months to 31 December

$ millions	2008		2007		Mvt
Total revenue	1,302.1		1,304.2		(0.2%)
Revenue from sale of goods	1,247.5		1,255.5		(0.6%)
Cost of sales of goods	(918.5)		(928.4)		(1.1%)
Gross profit from sale of goods	**329.0**	**26.4%**	**327.1**	**26.1%**	**0.7%**
Revenue from sale of services	46.4		41.6		11.5%
Gross profit from sale of services	30.7		25.7		19.7%
Gross Profit	**359.7**		**352.8**		**2.0%**
Other revenue	5.6		5.0		11.5%
Operating expenses	**(244.1)**		**(236.8)**		**3.1%**
EBITDA	**121.2**		**121.0**		**0.6%**
Depreciation & Amortisation	(16.7)		(16.4)		2.1%
One off Costs	(6.5)		-		-
EBIT	**97.9**		**104.6**		(6.4%)
Net Interest	(10.2)		(7.2)		41.8%
Income Tax expense	(26.3)		(29.4)		(10.6%)
Net Profit	**61.4**		**68.0**		**(9.7%)**

Opex – 12 months to 31 December

$ millions	**2008**	**2007**	**Mvt**
Distribution	48.8	47.1	3.8%
Occupancy	19.2	19.2	0.1%
Selling / Marketing	106.1	103.2	2.8%
Administration / other	70.0	67.3	4.2%
Operating expenses (1)	**244.1**	**236.8**	**3.1%**
Depreciation	9.4	9.4	1.0%
Amortisation - acquisitions	2.2	2.2	(3.7%)
Amortisation - software	5.1	4.8	6.8%
Depreciation and amortisation	**16.7**	**16.4**	**2.1%**

(1) Excluding one-off costs

Financial Summary

$ millions	1st Half 2008	1st Half 2007	1st Half change	2nd Half 2008	2nd Half 2007	2nd Half change
Total revenue	**648.1**	**641.1**	**1.1%**	**654.0**	**663.1**	**(1.4%)**
Net Sales	**620.7**	**617.7**	**0.5%**	**626.8**	**637.8**	**(1.7%)**
Cost of sales	(455.6)	(456.9)	(0.3%)	(462.9)	(471.5)	(1.8%)
Gross profit	**165.1**	**160.8**	**2.7%**	**163.9**	**166.3**	**(1.2%)**
Gross profit as a % of net sales	26.6%	26.0%		26.1%	26.1%	
Revenue from services and other (1)	**25.5**	**22.6**	**13.0%**	**26.5**	**24.1**	**10.0%**
Direct costs of services	**(7.6)**	**(7.6)**	**0.7%**	**(8.1)**	**(8.4)**	**(3.9%)**
Operating expenses	**(121.2)**	**(115.6)**	**4.9%**	**(122.9)**	**(121.2)**	**1.4%**
Expenses as a % of total revenue	18.7%	18.0%		18.8%	18.3%	
EBITDA (2)	**61.8**	**60.2**	**2.7%**	**59.4**	**60.8**	**(1.6%)**

(1) Includes catalogue, print fee for service, machine service. Excludes interest income.

(2) Excluding one off costs

Opex

	1st Half			2nd Half		
$ millions	**2008**	**2007**	**Mvt**	**2008**	**2007**	**Mvt**
Distribution	23.9	22.6	5.7%	24.9	24.4	2.0%
Occupancy	9.5	9.3	1.7%	9.7	9.9	(1.5%)
Selling / Marketing	53.5	50.4	6.2%	52.6	52.9	(0.5%)
Administration / other	34.3	33.2	3.2%	35.7	34.1	5.0%
Operating expenses (1)	**121.2**	**115.6**	**4.9%**	**122.9**	**121.2**	**1.5%**
Depreciation	4.5	4.7	(4.8%)	4.9	4.7	6.9%
Amortisation - acquisitions	1.1	1.0	11.7%	1.1	1.2	(16.2%)
Amortisation - software	2.4	2.4	0.6%	2.7	2.4	12.8%
Depreciation and amortisation	**8.0**	**8.1**	**(1.1%)**	**8.7**	**8.3**	**5.2%**

(1) Excluding one-off costs

Balance Sheet – As at 31 December

$ millions	2008	2007
Assets		
Cash	13.3	14.5
Receivables	208.8	202.4
Inventories	106.6	98.1
Property, plant and equipment (1)	48.4	28.7
Intangibles (2)	158.7	151.2
Other	16.0	13.4
Total assets	**551.8**	**508.3**
Liabilities		
Payables	159.5	157.3
Interest bearing liabilities	169.4	144.1
Tax liabilities	7.5	13.4
Other	39.5	30.4
Total liabilities	**375.9**	**345.2**
Net assets	**175.9**	**163.2**

(1) **Includes capital expenditure on New Warehouse / Office**

(2) **Includes capital expenditure on SAP project**

Cash flow – 12 months to 31 December

$ millions	December 2008	December 2007
Earnings before interest and tax	97.9	104.6
Depreciation and amortisation	16.7	16.4
Movement in working capital	(14.0)	(18.3)
Net interest payments	(10.5)	(7.1)
Tax payments	(34.2)	(25.7)
Other non cash expenses	3.4	1.8
Net operating cash flow	**59.3**	**71.7**
Net capital expenditure (1)	(40.9)	(15.7)
Free cash flow before acquisitions	**18.4**	**56.0**
Business purchased	(1.1)	(9.1)
Free cash flow	**17.3**	**46.9**
Share issues / (payment for buy-back)	0.4	(90.0)
Dividends paid	(44.4)	(45.7)
Proceeds from borrowings	25.6	88.9
Financing cash flow	**(18.4)**	**(46.8)**
Opening balance	**14.5**	**14.4**
Net cash movement	(1.2)	0.1
Closing balance	**13.3**	**14.5**

(1) Includes warehouse, office and SAP project

Liquidity – Debt Facility

$ millions	**December 2008**	
Interest Bearing Debt	169.4	
Debt Facilities Available	310.0	
Maturity period of debt facilities		
Short Term	50	June 2009
Medium Term	210	April 2010
Long Term	50	October 2011
	310	

Key Indicators

	2008	2007
Sales Increase / (Decline)	Flat	5.1%
Gross Profit % (1)	26.4%	26.1%
EBITDA margin to total revenue (2)	9.3%	9.3%
EBIT margin to total revenue	7.5%	8.0%
NPAT before one offs	$66.0m	$68.0m
NPAT after one offs	$ 61.4m	$68.0m
Operating cash flow	$59.3m	$71.7m
Basic earnings per share (3)	36.6c	39.6c

(1) For sale of goods

(2) Pre one-off costs $6.5m

(3) Calculated on a weighted average number of shares on issue

Financial Reporting

- We have aligned to Staples year end – January 31 2009
- We have released 12 months results to December 31 2008
- The Annual Report will include:
  - 13 months to end January 2009
  - 12 months to end December 2007 (Comparative)

Financial Reporting - Accounting Change – IAS 38

- Revenue recognised when catalogues released
- Costs recognised as incurred
- Prior year numbers will be restated
- Change will impact January 2009 (13 month) numbers
- Balance Sheet impact at 31 January 2009
  - Assets ↓ $7.4m
  - Liabilities ↓ $14.8m
  - Equity ↑ $7.4m
- Impacts half year on EBIT - ongoing
  - First half ↓ $6m (approximately)
  - Second half ↑ $6m (approximately)

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New Zealand – 12 months to 31 December

NZ$ millions

	2008	2007	Mvt
Total Revenue	106.7	98.0	8.8%
Gross Profit	25.5	25.3	0.8%
Operating Expenses (1)	21.1	19.4	8.7%
EBIT (2)	4.7	6.2	(23.9%)

(1) Excluding finance costs

(2) Adjusted for inter-segment transactions

New Zealand Business Overview

- Revenues up 8.8%
- Capacity constraints in Auckland distribution centre resulted in increased premium labour charges
- New expanded Auckland distribution centre to open March 2009
- Anticipate challenging market conditions. Focus will be on mid market expansion, x-selling single source range and improved operating efficiency with new distribution centre.

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Project Odyssey - Business Transformation Strategy

'Building Sustainable Value and Competitive Advantage'

Project	Details	Go Live
nXtgen	Standardisation and rationalisation of all business processes, implementation of SAP system with total benefits of $14m pa	2010 2011
Velocity	Realign sales teams by customer segments and integration of line of businesses into these segments	Quarter 2
Oxford	Leverage new Erskine Park DC as fast/slow warehouse for entire network	Pilot launched, project completion aimed for end 2009

nXtgen – Process improvements and SAP Rollout

Phase 1 (2006-2008)

- Standardise business processes
- Commence scoping

Completed

Phase 2 (2008-2009)

- Enterprise Portal, Employee Self Serve and Payroll
- Benefits $1 million per annum (pre depreciation)
- Foundation for new ERP

Completed

Phase 3 (2010)

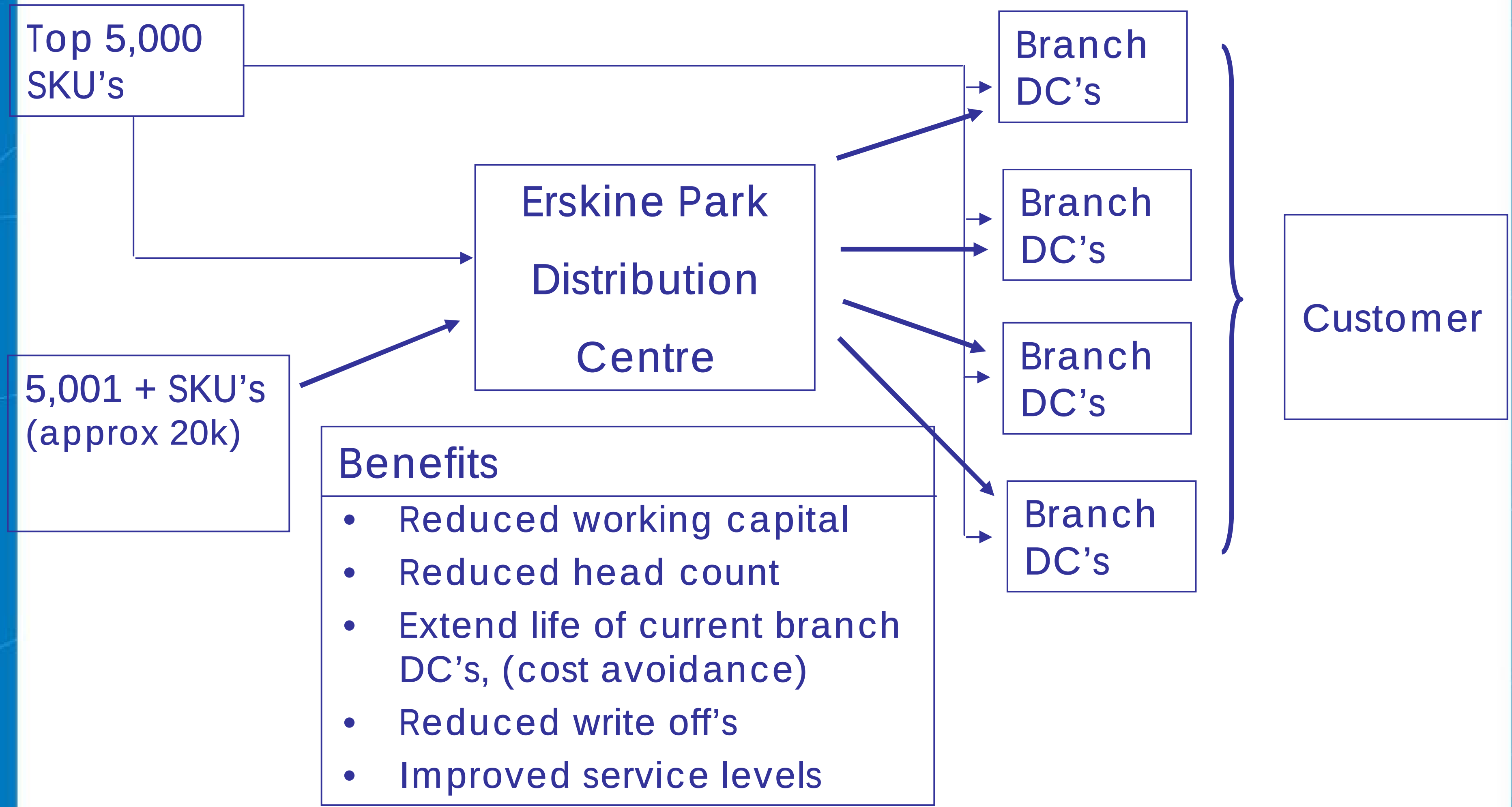
- Rollout new ERP (SAP)
- Benefits $13 million per annum (pre depreciation)

On Track

Velocity – making it easy to grow

- Replace geographic product centric structure with customer segment structure
- Customer segments:
  - Strategic & Large
  - Mid
  - Small
  - Government & Education
  - Regional
- Products & Services:
  - Catalogue (Office Products / Canteen & Liquor / Furniture / Facilities Supplies)
  - Print & Promotional Products & Services
  - IT Solutions
- Benefits
  - Increase share of wallet focus
  - Reduce cost to serve
  - Capture growth opportunities across segments
  - Improve collaboration of resources

Oxford – Fast / Slow Distribution Model



Benefits

- Reduced working capital
- Reduced head count
- Extend life of current branch DC's, (cost avoidance)
- Reduced write off's
- Improved service levels

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Earnings Growth Focus – 2009

- Sales & Merchandising
  - Complete Project Velocity
  - Expand share of wallet focus
  - Capture growth opportunities in mid and small customer segments
  - Leverage Staples merchandise opportunities
- Acquisition strategy
  - Maintain focus, environment potentially more conducive to consolidation
- Business Transformation
  - Complete Oxford
  - Launch nXtgen Phase 3
- People
  - Continue investment in HR to drive engagement
- CSR
  - Retain leadership, significant competitive advantage

Outlook – in the coming period

- Single source B2B model remains principal driver of shareholder value
- Anticipate markets to remain volatile and business confidence to decline further, impacting Furniture, IT, Promotional and more large customer segments
- Rollout business transformation strategy to drive savings
- Aim to offset changing large customer market sector with increased share of wallet, focus on non discretionary consumable product categories and continued expansion into mid market

Thank You

This announcement may include forward looking statements. There can be no assurance that the actual results will not differ from the company's expectations. Factors which could cause material differences include, among others, possible negative economic conditions, significantly increased competitive activity, uncertainties related to the implementation of new business growth activities, and the successful completion and integration of any acquisitions.

Corporate Express Australia Limited
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