



**Corporate Express
Australia Limited**

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CXP delivers 31 December 2008 results in line with expectations

Highlights

- **Total Revenue of \$1.3 billion - flat**
- **EBITDA of \$121.2 million before one-offs - flat**
- **NPAT \$66.0 million after tax but before one-offs - down 3.0%**
- **NPAT \$61.4 million after tax and - down 9.7%**
- **Earnings per share (basic) 36.6 cents - down 7.6%**
- **Dividend of 13 cents fully franked**

Australia's leading single source distributor of essential office and business supplies Corporate Express Australia Limited [ASX code: CXP] today reported unaudited Net Profit after Tax and after one-off costs of \$61.4 million for the year to 31 December 2008, down 9.7% on \$68.0 million for the previous 12 month period. As previously reported, one-off costs of \$6.5m (pre tax) were incurred during the period. This result is in line with the Company's guidance provided in December 2008 and in line with recent analysts' forecasts.

Revenue was flat at \$1.3 billion in the full year to 31 December 2008 compared to the prior comparable period. Earnings Before Interest Tax, Depreciation and Amortisation (EBITDA) of \$121.2 million before one-offs was flat and Earnings per share (basic) after one-off costs was 7.6% lower at 36.6 cents per share.

As previously advised, audited results for the thirteen months ended January 2009 will be announced mid March as the Company brings its reporting cycle in line with that of Staples Inc, the new owner of the Company's majority shareholder.

Corporate Express Australia Limited Managing Director Mr Grant Harrod said the Company's single source B2B model remained the key driver of shareholder value,

enabling the Company to reduce the impact of exceptionally tough economic conditions on its FY08 performance, particularly in the second half of the year.

“Clearly, the economic landscape changed dramatically in 2008, and Corporate Express Australia is not immune from the impact of those changes,” Mr Harrod said. “However, this result demonstrates that we have built a sound business with strong defensive capabilities, not only in terms of what we do, but how we do it.”

“Our business is about supplying essential items to large and small businesses more cost effectively than anyone else. In an environment where our customers are looking to their suppliers to drive efficiencies and take costs out, Corporate Express Australia has a major advantage in being able to supply many of the products customers need to run their businesses.” he added.

Dividend

Directors have declared a fully franked final dividend of 13.0 cents per share. The record date will be 26 March 2009. The payment date will be 16 April 2009. As it is not intended to declare any further dividend relevant to the 13 month period ended 31 January 2009, this brings the total dividend to 26.5 cents per share (2007: 26.5 cents for the 12 months).

Business achievements

The Company is now in the fourth year of its six-year project Odyssey strategy to strengthen Corporate Express' business model, IT infrastructure and business operations. These significant initiatives are designed to further improve business efficiency and lower operating costs across the business, providing a major competitive advantage in a slowing economy.

The key priorities we set for 2008 were consolidation of five Sydney distribution centres through Project Ulysses, leveraging technology to drive further business efficiency with our nXtgen project and re-engineering our supply chain via Project Troy.

The new 40,000 sq metre distribution centre at Erskine Park was completed and fully operational by the target date of September 2008, replacing the five warehouses previously servicing the Company's major market, NSW. It is anticipated this facility will deliver \$70 million in savings over the next twelve years, as well as giving Corporate Express a significant competitive advantage. In mid 2008, the Company also consolidated and moved its Head Office, IT data centre and NSW offices to a single location at Mascot, Sydney, reducing costs and streamlining business operations.

Cash flow and balance sheet

Corporate Express Australia Limited maintains a strong focus on cash, and in particular, on managing working capital requirements alongside investing for the future. With substantial operational benefits available in streamlining the business through improved technology and infrastructure, the Company this year increased its capital expenditure including opening its new Sydney distribution centre, acquiring SAP ERP system and other projects. It is anticipated that capital expenditure will return to more normal maintenance levels from 2010. We continue to manage working capital in line with our targets.

Currently Corporate Express has available debt facilities of \$310 million as at 31 December 2008 of which \$169.4 million was in use. The majority of these facilities are due for renewal in April 2010.

New Zealand

Corporate Express' New Zealand business enjoyed strong revenue growth with an aggressive new business focus. Revenue was up 8.8% year on year. This additional volume did lead to capacity constraints in our main Auckland distribution centre causing an overrun in labour costs. This will be addressed with the opening of our new Auckland DC at Highbrook in March 2009.

Acquisitions

No acquisitions were made during the period under review. However, the Company continues to evaluate opportunities to enhance its business model in Australia and New Zealand, against a background of further industry consolidation.

Staples

In July 2008 Staples Inc, acquired Corporate Express NV, the parent of the Company's majority shareholder. Staples is the No 1 provider of business products globally, and a leader in many of the markets it serves and while it is still relatively early days we can already see significant potential for collaborative benefits.

CEO Succession

Further to the current CEO, Grant Harrod, announcing his resignation last year the Board is well advanced in selecting a replacement and expects the new CEO to be announced within the next 2 weeks.

Outlook

Looking ahead, we expect volatility in markets and lack of business confidence to continue for the remainder of the year.

One of the key strategic objectives for 2009 will be the successful implementation of Project Velocity. This initiative is to realign our sales force around core customer segments to improve cross selling of our single source model.

These initiatives, coupled with current business efficiency projects, will provide operating flexibility to adapt to a rapidly changing environment but likewise maintain a strong position to capitalise on opportunities arising from industry consolidation or an improving macro environment.

Financial Summary

| Unaudited | 12 months to 31/12/2008 \$'000 | 12 months to 31/12/2007 \$'000 | Year on year improvement % |
|---|---|---|---|
| Total Revenue | 1,302,109 | 1,304,211 | (0.2%) |
| Gross Profit | 359,699 | 352,790 | 2.0% |
| EBITDA (Pre-one offs) | 121,167 | 121,001 | 0.1% |
| EBIT | 97,881 | 104,607 | (6.4%) |
| EBIT % to total revenue | 7.5% | 8.0% | (50 bps) |
| Net Profit after Tax | 61,414 | 68,039 | (9.7%) |
| Basic Earnings per Share (cents) | 36.6 | 39.6 | (7.6%) |

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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.