



**Corporate Express  
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## **2009 ANNUAL GENERAL MEETING OF SHAREHOLDERS**

### **MANAGING DIRECTORS STATEMENT**

**Thank you Ian, and thank you ladies and gentlemen, for coming along to this meeting today, and for your continued support of the company.**

**As you would be aware, I took over from Grant Harrod as Chief Executive Officer nine weeks ago.**

**Today I will briefly touch on the financial results for the FY08 financial year, and then update you on the progress of a number of projects we currently have in train.**

**First, the results. As you would be aware, this year's annual report covers a 13-month period to 31 January 2009. This follows the change in the Company's financial year end to 31 January to co-incide with the reporting cycle of Staples Inc, the parent of the Company's majority shareholder.**

**Clearly the economic landscape changed dramatically in 2008, and Corporate Express was certainly not immune from that.**

**Net profit for the period to 31 January was \$63.1 million on revenue of \$1.36 billion. Earnings per share were 37.6 cents.**

**Given the exceptionally tough macro environment in the past 18 months, this result demonstrates to me that this is a very strong business, with a robust competitive position.**

Since joining Corporate Express, I have spent the majority of my time familiarising myself with our operations, meeting as many of our people as possible, making contact with key clients and suppliers, and also visiting the parent of our majority shareholder, Staples Inc, in the US earlier this month.

I must say that while it is still early days for me to be making major statements, on all counts, I like what I see.

Clearly, this is a challenging time for every business. Corporate Express is no exception. However in this environment, having a well defined, proven business model – one supplier, one delivery, one invoice – is without doubt a major strategic advantage.

Corporate Express' Single Source B2B model - supplying many of the products and services customers need to run their business - remains the key driver of shareholder value and is a major asset.

I am pleased to confirm we have a number of well-advanced projects on foot, all of which are on target and will deliver benefits in the current and future financial years.

Very briefly, recent and current priorities include:

- **Facilities consolidation (Project Odyssey):** consolidating our five Sydney-based distribution centres into one major state-of-the-art facility at Erskine Park in Western Sydney - opened in October 2008. This is a showcase facility, perfectly adapted to our business, with room to grow as we do. As well as delivering \$70 million savings over the next twelve years, this facility gives Corporate Express a significant competitive advantage.
- **Making it easier to grow (Project Velocity):** This is a major initiative to replace our historic state-based, product-centric structure with a customer-focussed one. It will allow us to more quickly and effectively build our share of wallet, reduce costs, capture growth opportunities and maximise use of resources.
- **Inventory management (Project Oxford):** This major initiative focuses on effective inventory management among distribution centres depending on demand, thereby reducing working capital and lifting

business efficiency. We have already rolled out the new process in South Australia with very positive results, and will extend this to the other states over the next 12 months.

- **Information technology (Project nXtgen)** Another key initiative will streamline back-end processes across the business, ranging from inventory management to payroll. Phase two of this is now complete, and payroll and HR services functions have been installed. Both are working well, without any issues. The rollout to other areas of the business will start late this fiscal year and be completed during 2010.
- **Supply chain management (Project Troy):** This involves restructuring the supply chain, establishing forecasting and performance benchmarking with suppliers, improving customer service levels and reducing working capital.
- **Human capital:** A key priority for Corporate Express is of course, continued investment in our people - in leadership development programs, safety and training and learning and development for our staff, who are crucial to our success.
- **Corporate social responsibility:** Corporate Express places a lot of emphasis on sustainability - we see this as a key differentiator from other companies, and therefore sound business strategy. In other words, its more than a 'nice to have' - its fundamental to the way we do business. We are delighted that Corporate Express was chosen by Ethical Investor as its "Sustainable Company of the year" for 2008. This is a major achievement and one we are all very proud of.

I would now like to comment briefly on our working relationship with Staples Inc. As Ian has said, Staples is the No 1 provider of business products globally, and a leader in many of the markets it serves. Having visited their head office earlier in this month, I must say I am very impressed - It's an exciting company with a positive, collaborative culture and a well-earned market leadership position.

I believe there are a number of things we can learn from and do in association with Staples, including leveraging their best practices around the supply chain and the sales force and capitalising on their global buying power. Equally, they are impressed with our management team and have identified things they would like to use from our side.

So it's definitely a two-way street, and one that clearly will offer growth potential and value to us in future.

## Outlook

Now to the outlook. Despite the recent exuberance of some equities markets, we in the 'real' economy believe we have a way to run before we see the back of the current tough conditions.

We have previously said sales of major discretionary items –furniture, IT and promotional products – have slowed, and would continue to soften. This has been the case, particularly among the large corporate and government clients, and is likely to continue. On the positive side, sales of the balance of our product range have held up well. The projects I have spoken about will start to come on stream in terms of increased efficiencies and cost savings particularly in the second half of the year.

In closing, I would like to thank our customers, suppliers and our shareholders for their support together with all of our people for their contribution during the year.

Thank you very much for taking the time to listen to me this morning and I will now hand back to the chairman.

Ends

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