Corporate Express Australia Limited

Results to 31 July 2009

Paul Hitchcock, Managing Director and CEO
Grant Logan, Finance Director and CFO

4 September 2009

Agenda – Results briefing H109

- Introduction
- Business overview
- Performance update to July 2009 — Paul Hitchcock

- Analysis of H109 result
- Key business drivers & metrics
- Business transformation strategy – update — Grant Logan

- Outlook for FY09
- Q & A — Paul Hitchcock / Grant Logan

Overview: Managing through tough times

- **Difficult six months – continuation of the difficult trading conditions that started in late 2008**
- **Business confidence continues to be fragile and customers continue to manage their costs tightly.**

CXP business model again demonstrates its resilience

Overview (continued)

- Positive impact of projects completed and near completion
- Project Velocity complete
  - Transformation from regional and product focus to integrated national business focusing on key customer segments
  - Right sized our furniture, IT and Promotional businesses to match market conditions
- Project Oxford on track for year end completion
  - Fast / slow inventory management
- Clear strategy to tackle market downturn:
  - Focus on the customer and continue to maintain high levels of service
  - Tight control of expenses including a remuneration freeze
  - Continue project delivery

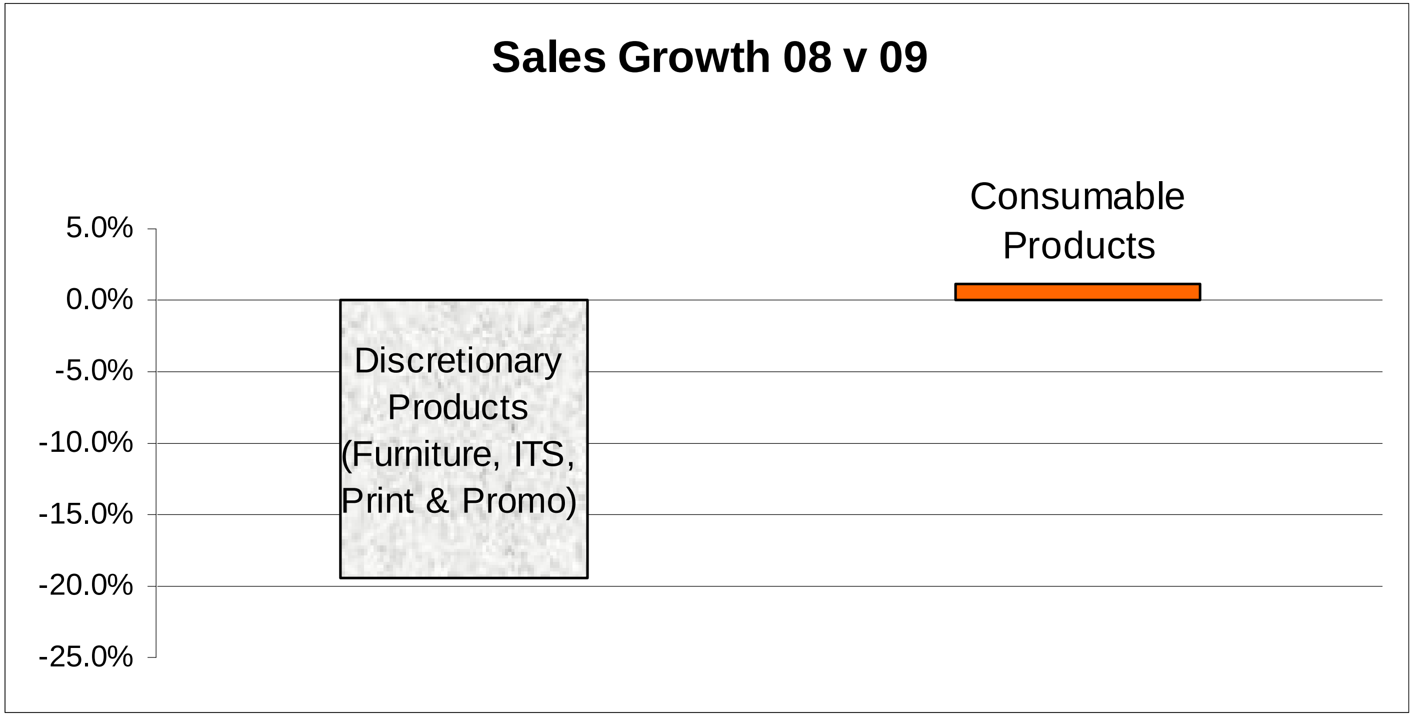
Delivering results on all key projects

Summary to 31 July 2009 [1]

	2009	2008
Total revenue	599,176	637,625
EBITDA	50,344	52,890
Net Profit After Tax	25,465	27,935
Basic earnings per share	15.2c	16.7c
Exclusive brand sales vs like sales	33.1%	31.0%
Order lines received by e-commerce	79.0%	78.6%
Interim Dividend / fully franked	10.0c	13.5c

1) Comparisons are February – July 09 / January – June 08
- To align with Staples and audit review

Sales Growth



Consumable Products Performance holding up

Business Scorecard Update

2009 Objectives	YTD Result	Outcomes
Sales		
Implement a Customer Focussed Sales Model	Green	Project Velocity completed July 2009
Grow our Mid market segment	Yellow	Business Advantage now established to focus on mid to small
Increase E-commerce orders	Green	79% of order lines received electronically up 40 bps
Increase Customer Satisfaction	Green	Improved to 88%
Business Efficiency Programs		
Project Velocity – Sales Model	Green	Completed July 2009
Project Oxford – Fast / Slow Inventory	Green	Progressing – projected savings of $4.0m p.a
Project nXtgen – ERP implementation	Green	HR and Payroll modules implemented NZ ERP - early 2010

Business Scorecard Update

2009 Objectives	Result	Outcomes
Merchandise		
Expand Exclusive Brand program	Green	Up 210 bps
Project Grey - rationalise SKU's	Green	Reduced by 14%; cumulative 30+%
Increase Direct Imports	Yellow	Progressing
Corporate Social Responsibility		
Build a Sustainable Supply Chain	Green	Winner of a number of Sustainability awards
Ensure the health & safety of our people	Green	LTIFR reduced by 400 bps
Finance		
Maintain a sound financial position	Green	Bank debt renegotiated Cash flow strong

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Analysis H109 Result – 6 months to 31 July 2009

$ millions	2009		2008[1]		Mvt
Total revenue	599.2		637.6		(6.0%)
Revenue from sale of goods	583.8		620.7		(6.0%)
Cost of sales of goods	(429.2)		(453.4)		(5.3%)
Gross profit from sale of goods	154.6	26.5%	167.3	27.0%	(7.6%)
Revenue from sale of services/other [2]	15.0		15.1		(0.7%)
Gross profit from sale of services/other	10.9		8.7		25.3%
Gross Profit [3]	165.5		176.0		(6.0%)
Operating expenses [4]	(115.2)		(123.1)		(6.4%)
EBITDA	50.3		52.9		(4.8%)
Depreciation & Amortisation	(8.8)		(8.0)		11.0%
EBIT	41.5		44.9		(7.6%)
Net Interest	(4.6)		(5.1)		(9.7%)
Income Tax expense	(11.4)		(11.9)		(3.8%)
Net Profit	25.5		27.9		(8.8%)

1) Financial comparisons are February – July 09 / January – June 08
2) Includes other revenue (excluding interest income)
3) Catalogue revenue and expense has been adjusted in 2008 in line with AASB138R
4) Includes one-off costs of $3.9m in 2009 and $1.9m in 2008

Opex – 6 months to 31 July 2009

$ millions	2009	2008	Mvt
Distribution	23.8	24.4	(2.3%)
Occupancy	9.7	10.1	(4.0%)
Selling / Marketing	47.7	53.5	(10.9%)
Administration / other	34.0	35.1	(3.1%)
Operating expenses (1)	115.2	123.1	(6.4%)
Depreciation	5.7	4.5	28.1%
Amortisation - acquisitions	1.0	1.1	(14.6%)
Amortisation - software	2.1	2.4	(9.1%)
Depreciation and amortisation	8.8	8.0	11.0%

(1) Includes one-off costs of $3.9m in 2009 and $1.9m in 2008
(2) Financial comparisons are February – July 09 / January – June 08

Operating Expenses down 6.4%

Balance Sheet – As at 31 July 2009

$ millions	July 2009	January 2009
Assets		
Cash	18.7	6.4
Receivables	199.7	196.0
Inventories	112.7	104.5
Property, plant and equipment	46.3	50.2
Intangibles [(1)]	163.9	157.6
Other	11.1	11.4
Total assets	552.4	526.1
Liabilities		
Payables	172.7	144.3
Interest bearing liabilities	158.5	173.1
Tax liabilities	3.2	2.5
Other	27.6	22.3
Total liabilities	362.0	342.2
Net assets	190.4	183.9

(1) Includes capital expenditure on SAP project

Cash flow

$ millions	July 2009	June 2008
Earnings before interest and tax	41.5	44.9
Depreciation, amortisation and other non cash expenses	8.8	8.7
Movement in working capital	24.4	4.0
Net interest payments	(4.6)	(5.5)
Tax payments	(10.7)	(15.4)
Net operating cash flow	59.4	36.7
Net capital expenditure (1)	(10.9)	(19.9)
Free cash flow	48.5	16.8
Share issues	0.3	0.1
Dividends paid	(21.8)	(21.8)
Proceeds from / (repayment of) borrowings	(14.7)	0.1
Financing cash flow	(36.2)	(21.6)
Opening balance	6.4	14.5
Net cash movement	12.3	(4.8)
Closing balance	18.7	9.7

(1) Includes capital expenditure on SAP project

Liquidity – Debt Facility

New Facility in Place

- Three years to September 2012
- Replaces all current facilities
- Total facility is $250m
- All four major Australian banks participating
- Interest expense increases by $2.5m for this fiscal year
- Provides certainty

Debt Facility Renegotiated

Business Transformation Strategy

nXtgen – Process improvements and SAP rollout

– Enterprise Portal	Completed
– Employee Self Serve and Payroll	Completed
– Rollout New Zealand 2010	On Track
– Rollout Australia 2010 / 2011	On Track

Projects on track

Business Transformation Strategy

Velocity – "Customer Focus"

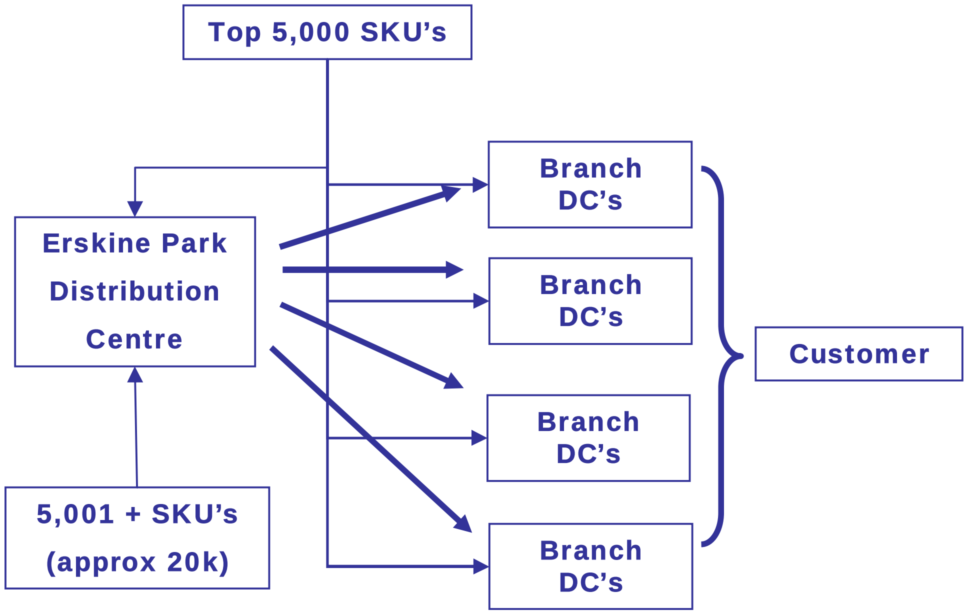
- Replaced State based structure with customer segment structure
- Customer segments
  - Strategic & Large
  - Mid
  - Small
  - Government & Education
  - Regional
- People
  - Hired Senior Marketing Executive
  - Consolidated pricing skills
- Benefits
  - Improved customer focus
  - Improved collaboration of resources
  - Reduced cost to serve – savings $2.0m p.a
  - Captured growth opportunities across segments

Projects on track

Business Transformation Strategy

Oxford – Fast / Slow Distribution Model

Projected Benefits
- Reduced working capital
- Reduced head count
- Extend life of current branch DC's, (cost avoidance)
- Reduced write off's
- Improved service levels
- Saving $4.0m p.a



Rollout
- SA – Complete
- WA – 95% complete
- VIC – In progress
- QLD – In progress
- Completion date: Year end

Projects on track

Key Indicators

	2009	2008
Sales Increase / (Decline)	(6.0%)	1.1%
Gross Profit % (1)	26.5%	27.0%
EBITDA margin to total revenue	8.4%	8.3%
EBIT margin to total revenue	6.9%	7.0%
NPAT	$25.5m	$27.9m
Operating cash flow	$59.4m	$36.7m
Basic earnings per share (2)	15.2c	16.7c

(1) From sale of goods
(2) Calculated on a weighted average number of shares on issue

Gross margins maintained despite market conditions

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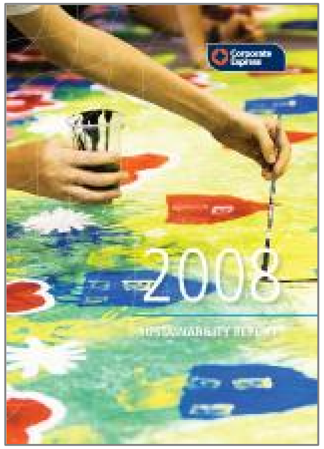
Focus – 2009 / 10

- **Sales & Merchandising**
  - Capture opportunities in mid and smaller customer segments – this growth will come from:
    - Specialist team – Business Advantage
    - Build up Marketing team
    - Consolidate pricing skills
    - Print and Promo will focus on partnership opportunities – away from one-off deals
    - Leverage Staples merchandise opportunities
- **Business Transformation**
  - Complete Oxford
  - Roll out nXtgen
- **New Initiative - Project Proteus**
  - End to end supply chain review
    - Commences September 2009. Engaged GRA - supply chain networks experts
    - Report late 2009
    - Implement 2010 - 2011
- **People**
  - Improved employee engagement
  - Increased focus on OH & S
- **CSR**
  - Retain leadership

Complete move to fully integrated national business model

Sustainability Update

- **Submitted first Carbon Disclosure Project questionnaire (CDP7)**
- **Issuing first Sustainability Report**
- **Indigenous Support Program**
  - **Founding Member of Australian Indigenous Minority Council**
- **More than 2,000 environmentally preferable products**
  - **Launched EXP Green range of seating**
  - **EarthSaver sales now represent 19.5% of catalogue sales**



AUSTRALIAN INDIGENOUS MINORITY SUPPLIER COUNCIL

2009 Sustainability Recognition

- **2009 Sustainability Awards**

- **Recent Recognition**

- **Certified Fair Trade Workplace**

Outlook

- Single source model remains principal driver of shareholder value
- Although margins held during the first half, there is continued focus as there is pressure due to the challenging economic environment
- EBIT - we are at the lower end of analysts' consensus forecasts range of $90.9m to $100.5m
- Interest Expenses will increase by $2.5m due to the new long term debt facility
- NPAT forecasts therefore need to be adjusted down to reflect this
- Well placed for market recovery

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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