



**Corporate Express  
Australia Limited**

ABN 94 000 728 398

163 O'Riordan Street  
MASCOT NSW 2020

Private Bag 16  
Alexandria NSW 1435

**Telephone**  
(02) 9335 0555

**Fax**  
(02) 9335 0763

4 September 2009

## Corporate Express 1<sup>st</sup> Half Results Announcement

### HIGHLIGHTS

#### Financial results

- ú Total Revenue \$599.2 million – down 6.0%
- ú EBITDA \$50.3 million
- ú NPAT \$25.5 million - down 8.8% in line with market expectations
- ú Earnings per share (basic) 15.2 cents - down 9.0%
- ú Exclusive brand sales vs like sales 33.1% (up from 31.0%)
- ú Operating cash flow strong at \$59.4 million
- ú Interim fully franked dividend 10.0 cents

#### Achievements

- ú Key projects on track
- ú Operating expenses down 6.4%
- ú Bank debt renegotiated
- ú Customer satisfaction levels up to 88%
- ú Order lines received by e-commerce 79% (up 40 bps)
- ú Winner of a number of sustainability awards, including Australian Business Awards for Environmental Sustainability
- ú EarthSaver products now 19.5% of catalogue sales
- ú Lost time incident rate (LTIFR) reduced by 400 bps

Corporate Express Australia Limited Managing Director Mr Paul Hitchcock said “ This has been a tough six months for everyone in the market, with business confidence remaining subdued despite some signs of recovery in the equities markets in the latter part of the half.”

“The results show that we have met our objective over the last six months which has been to minimize the impact of the downturn on the business, at the same time continuing to invest for the medium to long term.”

**“Our management team has had a clear strategy in place to manage through these challenging times. Our focus is on three key things: first, maintaining exceptionally high levels of customer service, second, tight management of expenses, and third, delivering on our key strategic initiatives.”**

**“Total revenue for the period was down 6.0% on the previous period and NPAT at \$25.5 million was down 8.8%.”**

**Operating expenses were down 6.4% to \$115.2 million, reflecting the flow-on benefit of several projects, together with tight cost controls across the board.**

## **Achievements**

**Corporate Express Australia is now well into the fourth year of its six-year project Odyssey strategy to strengthen its 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.**

**“The integration of all NSW warehousing at Erskine Park was completed at the end of 2008 which has now enabled us to move to Project Oxford. This is our inventory management strategy of separating our fast / slow moving stock resulting in lower costs and improved customer service” Mr. Hitchcock said.**

**“Additionally, our new IT system implementation (nXtgen) is progressing well.”**

**Through Project Velocity we have initiated several new projects to grow our share of mid-market business, expand our Exclusive Brand program and rationalise the number of product lines we handle.**

**“All of these factors give us confidence for the future” Mr. Hitchcock added.**

## **Balance sheet and cash position remain strong**

**On 3<sup>rd</sup> September 2009 we successfully refinanced our existing debt facility with a new \$250 million 3 year facility.**

**Corporate Express Australia Limited maintains a strong focus on cash, and in particular, on managing working capital requirements alongside investing for the future. Working capital remains in line with our targets.**

## **Dividend**

**Directors have declared a fully franked final dividend of 10 cents per share for the six months. The dividend will be paid on 14<sup>th</sup> October**

2009 to shareholders at the record date of 23<sup>rd</sup> September 2009.

## Acquisitions

No acquisitions were made during the period under review. However, we continue to look at acquisition opportunities.

## Outlook

Looking ahead, our single source model remains the principal driver of shareholder value. Despite the recent upturn in confidence in equity markets, we anticipate conditions to remain challenging for at least the remainder of the year.

We anticipate the market for office products will remain highly competitive in the second half. Our focus will continue to be on delivering the very best value and service for our customers, and for our shareholders, delivering profitable, sustainable growth. We will continue to leverage our new sales structure to increase “share of wallet” with our major customers and to grow our mid market business.

To maintain our low cost competitive position we have commenced a major end-to-end review of our supply chain distribution network. We expect this review to be completed by the end of the fiscal year.

We are on track to achieve EBIT at the lower end of analysts’ consensus forecasts, which range from \$90.9m to \$100.5m for the fiscal year ending January 2010. Additionally the impact of refinancing our debt early to provide funding certainty means that interest expense will increase by approximately \$2.5m this financial year. NPAT forecasts therefore need to be adjusted down to account for the after-tax impact of this.

## Financial Summary

	6 months to 31/07/2009 \$'000	6 months to 30/06/2008 \$'000	Year on year change %
Total Revenue	599,176	637,625	(6.0%)
Gross Profit	162,943	173,392	(6.0%)
EBITDA	50,344	52,890	(4.8%)
EBIT	41,495	44,921	(7.6%)
EBIT % to total revenue	6.9%	7.0%	(10 bps)
Net Profit after Tax	25,465	27,935	(8.8%)
Basic Earnings per Share (cents)	15.2	16.7	(9.0%)
Dividend declared (cents)	10.0	13.5	(25.9%)

**For further information please contact:**

**Paul Hitchcock  
Managing Director  
Ph 02 9335 0506**

**Grant Logan  
Chief Financial Officer  
Ph 02 9335 0874  
068 993**

**Rosemary Luker  
Media and Investor relations  
tel: 02 9518 9544 mob: 0403**

**Corporate Express Australia Limited  
ABN 94 000 728 398**

*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*

---