



2 March 2010

CXP delivers 31 January 2010 result in line with expectations

Financial results

- **Total Revenue \$1.16 billion – down 9.3%**
- **NPAT \$57.2 million after tax – down 6.9%**
- **Earnings per share (basic) 34.0 cents – down 7.1%**
- **Operating cash flow strong at \$81.6 million**
- **Balance sheet remains strong**
- **Dividend declared 12.5 cents per share, fully franked**

Achievements

- **Major projects now completed or in final stages**
- **Tight control of operating expense - down 9.1% or \$22.7 million**
- **Margins maintained**
- **Customer satisfaction remains high**
- **Winner of a number of sustainability awards**
- **Earthsaver products now 20.5% of catalogue sales, and growing**

This is the company's first full 12 month period under the new reporting period ending 31 January, a change necessary to bring Corporate Express Australia Limited into line with its majority shareholder, Staples Inc.

Total revenue for the year to end January was down 9.3% to \$1.16 billion, and NPAT at \$57.2 million was down 6.9%. EBITDA of \$108.2 million was down 5.6%. All of the above comparisons are against the 12 months to December 2008 as released in February 2009.

Corporate Express' discretionary products businesses – IT, print and promotional materials, and furniture – were hardest hit, and are down 21% when compared to the previous period. Consumable products sales for the year were only marginally down, a sound result given the operating environment.

Commenting on the result, Managing Director Paul Hitchcock said: "This past twelve months has been a tough and challenging period, both for us, and for our customers. As we indicated at the half year, overall business confidence remains fragile, and the difficult and highly competitive market conditions we saw throughout 2009 continue."

"In this context, the resilience and strength of the Corporate Express Australia business model is clear. This is a business with good defensive qualities, a market leader in an essential business-to-business segment. Our strengths lie in our robust single-source model, coupled with the fact that what we sell is necessary for our customers to do business," he added.

Achievements

Corporate Express has now entered the fifth year of a major six-year project to restructure itself as a fully integrated national business. These significant initiatives are designed to further improve business efficiency and lower operating costs right across the business, providing major competitive advantages and building underlying shareholder value.

Excluding the SAP implementation project, nXtgen, all key projects are now complete or close to complete, and already delivering positive results. Our major sales team restructure, Project Velocity, is now complete and specialist customer-focused teams are operating across all key business segments. Project Oxford, designed to optimise fast/slow inventory management, is also complete, achieving reductions of inventory in the order of 25% or \$10 million across our state network as well as savings of \$4m p.a.

Strong balance sheet and cash position

The company maintains a strong focus on cash, and in particular, on managing working capital requirements alongside investing for the future. Working capital remains within our targets and the balance sheet remains strong. In September 2009 we successfully refinanced our existing debt facility and now have in place a new \$250 million 3 year facility.

Dividend

Directors have declared a fully franked dividend of 12.5 cents per share for the six months, bringing the total dividend payout for the twelve months to 31 January 2010 to 22.5 cents per share compared with 26.5 cents per share for the 13 month period to January 2009 . The dividend will be paid on 14 April 2010 to shareholders at the record date of 24 March 2010.

Acquisitions

No acquisitions were completed during the period under review. However the intention is to refocus on acquisitions, in our core business areas.

Strategy for 2010

While the environment remains challenging, we are certainly not sitting on our hands and waiting for things to improve. With Project Velocity now completed and operational, we will this year focus our efforts on growing sales by customer segment: for the large customer segment, our objective is to hold the business we have, and at the same time grow our share of wallet. For the mid market segment, we will be moving to aggressively expand our customer base as well as increasing share of wallet

Other priorities for the coming year include continuing the rollout of our new SAP system, implementation of supply chain improvements when the current review is completed, and refocusing on selected acquisitions that meet our criteria and add real value to the business.

Outlook

We are not yet seeing any real signs of a sustained upturn in demand, either from major corporate clients or in the middle market. We don't expect that to change significantly in the near term.

Our Single Source business model remains the principal driver of shareholder value, and we are confident that Corporate Express is in good shape to benefit when the market recovers.

Financial Summary

	12 months to 31/01/2010 \$'000	12 months to 31/12/2008 \$'000	Year on year improvement %
Total Revenue	1,161,933	1,281,606	(9.3%)
Gross Profit from sale of goods	316,048	344,339	(8.2%)
EBITDA	108,169	114,616	(5.6%)
EBIT	91,068	97,879	(7.0%)
EBIT % to total revenue	7.8%	7.6%	20 bps
Net Profit after Tax	57,151	61,414	(6.9%)
Operating expenses	227,970	250,704	9.1%
Basic Earnings per Share (cents)	34.0	36.6	(7.1%)

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