

CPI GROUP LIMITED

Investor Presentation

February 2010

Bernard Cassell
Managing Director



Key Features of Performance

- Profitability restored after difficult six months to June 2009
- Strong operating cash flow generation of \$30 million
- Balance sheet ratios restored to normal levels
- Banking facilities renewed for three years
- Sale of heavy machinery division negotiated

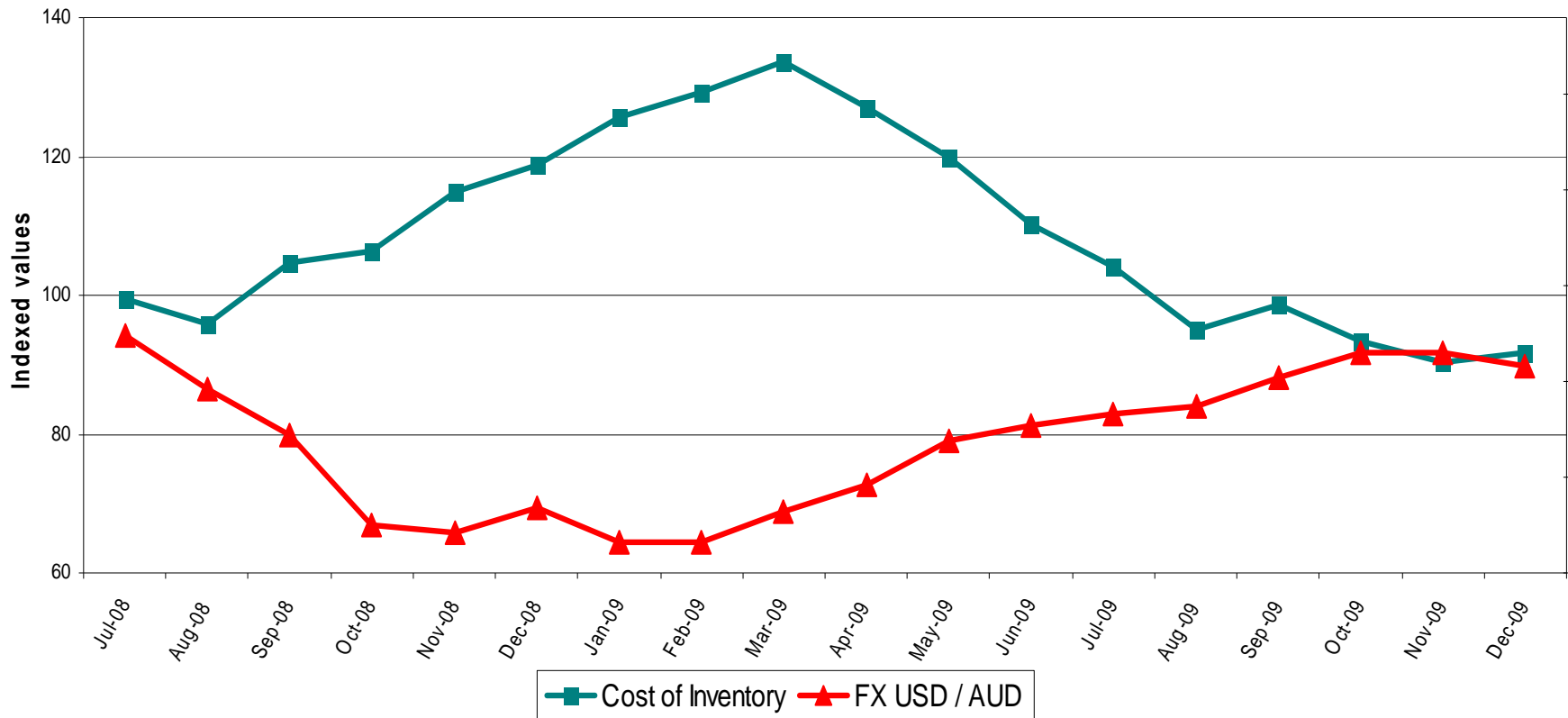
Underlying EBITDA

\$ millions	Dec 2009	Dec 2008
EBITDA underlying	4.9	6.5
Non-recurring items	(0.3)	(0.6)
EBITDA reported	4.6	5.9

EBITDA Commentary

- Strong cost control resulted in overhead reductions exceeding target
- Market contraction took heavy toll on sale of higher value specialty papers
- Commodity papers pricing stabilised after difficult 18 months due to exchange rate movements – see graph
- Gross profit margins maintained during the period
- Paper prices stabilised but now showing signs of weakness

Currency Movement and its affect on Terms of Trade



Gross Profit Margins



\$ millions	Dec 2009	Dec 2008
Sales – Continuing Operations	209.0	277.5
Gross Margin – Continuing Operations	38.7	46.8
GP% - Continuing Operations	18.5%	16.9%



Raleigh

Reported & Underlying EBITDA

\$ millions	Dec 2009	Dec 2008
Underlying EBITDA	4.8	6.5
One off Items	(0.3)	(0.6)
Reported EBITDA (including discontinued operations)	4.5	5.9
Depreciation	(0.6)	(0.7)
EBIT	3.9	5.2
Borrowing costs	(1.9)	(3.1)
<i>Net Profit</i>	2.0	2.1

Balance Sheet/Funds Employed



\$ millions	Dec 2009	Jun 2009
Working Capital (trade debtors, stock less trade payables)	89.7	118.9
Working capital days of net sales	78.3	89.0
Plant & Equipment	3.9	4.5
Intangibles	-	-
Other Assets less provisions	(2.6)	(3.5)
Funds Employed	91.0	119.9
Funded by:		
Net Debt (borrowings less cash)	(39.3)	(69.8)
Total Equity	(51.7)	(50.1)



Commentary on Balance Sheet

- Working capital days improved significantly
 - Inventory reduced to match current sales volumes
- NTA per share 87 cents
- Gearing 43%
- Balance sheet ratios returned to a normal range

Outlook

- Demand appears to have stabilised but yet to recover strongly
- Some evidence of pricing weakness due to strength of A\$ and weak demand
- Continued focus on working capital
- Continuation of implementation of warehousing and logistics restructuring plan