

MIRA INFORM REPORT

Report No. :	529866
Report Date :	18.09.2018

IDENTIFICATION DETAILS

Name :	PAPER AUSTRALIA PTY LTD
Registered Office :	307 Ferntree Gully Rd Mount Waverley, Vic 3149
Country :	Australia
Financials (as on) :	31.12.2015
Date of Incorporation :	07.09.1993
Legal Form :	Australian Proprietary Company
Line of Business :	Subject operates in the manufacture of paper and office products including a range of office stationery, envelopes papers and boards for the publishing, packaging and general print sectors of the printing industry.
No. of Employees :	1,221

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

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ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Australia	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

AUSTRALIA - ECONOMIC OVERVIEW

Australia is an open market with minimal restrictions on imports of goods and services. The process of opening up has increased productivity, stimulated growth, and made the economy more flexible and dynamic. Australia plays an active role in the WTO, APEC, the G20, and other trade forums. Australia's free trade agreement (FTA) with China entered into force in 2015, adding to existing FTAs with the Republic of Korea, Japan, Chile, Malaysia, New Zealand, Singapore, Thailand, and the US, and a regional FTA with ASEAN and New Zealand. Australia continues to negotiate bilateral agreements with Indonesia, as well as larger agreements with its Pacific neighbors and the Gulf Cooperation Council countries, and an Asia-wide Regional Comprehensive Economic Partnership that includes the 10 ASEAN countries and China, Japan, Korea, New Zealand, and India.

Australia is a significant exporter of natural resources, energy, and food. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive reserves of coal, iron, copper, gold, natural gas, uranium, and renewable energy sources. A series of major investments, such as the US\$40 billion Gorgon Liquid Natural Gas Project, will significantly expand the resources sector.

For nearly two decades up till 2017, Australia had benefited from a dramatic surge in its terms of trade. As export prices increased faster than import prices, the economy experienced continuous growth, low unemployment, contained inflation, very low public debt, and a strong and stable financial system. Australia entered 2018 facing a range of growth constraints, principally driven by the sharp fall in global prices of key export commodities. Demand for resources and energy from Asia and especially China is growing at a slower pace and sharp drops in export prices have impacted growth.

Source : CIA

REGISTERED NAME

PAPER AUSTRALIA PTY LTD
T/AS AUSTRALIA PAPER
ACN: 061 583 533
ABN: 63 061 583 533

Summary Panel

<i>Established</i>	1939
<i>Incorporated</i>	1993
<i>Line of Business</i>	Manufacture and distribution of paper and stationery products
<i>Status</i>	Trading
<i>Adverse Listings</i>	<u>Nil</u>

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EXECUTIVE SUMMARY

Paper Australia P/L - consolidated

	As at 31 Dec 2017	As at 31 Dec 2016	Change (%)
Revenue	\$761,021,000.00	\$776,119,000.00	-1.95%
Profit b/tax	\$6,217,000.00	(\$12,593,000.00)	-149.37%
Profit a/tax	\$2,530,000.00	(\$19,144,000.00)	-113.22%
Net Profit Margin	0.33%	-2.47%	2.80%

During fiscal 2017, the subject recorded a consolidated Net Cashflows from operating activities totalling \$35,272,000.

As at 31 December 2017 the subject recorded a deficiency in consolidated Working Capital of \$14,488,000 and a current ratio of 1.05 to 1 indicating satisfactory liquidity levels.

Consolidated Net Assets totalled \$492,252,000 as at 31 December 2017. After deducting intangibles of \$1,061,000 this results in a Net Worth of \$491,191,000.

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CORPORATE SEARCH

Company Type	Australian Proprietary Company
INCORPORATED	7 September 1993
REGISTERED ADDRESS	307 Ferntree Gully Rd MOUNT WAVERLEY, VIC 3149
SHARECAPITAL	\$662,280,000
SHAREHOLDERS	NIPPON PAPER INDUSTRIES CO LTD Holds 3,208,084,653 shares
DIRECTORS	ISHIDA, MIZUHO – Appointed: 24.07.2017 RESIDENT OVERSEAS
MURAKAMI, YASUHITO –	Appointed: 01.07.2016 2 SHERWOOD CT TRARALGON VIC 3844
6 Turner St	WILLIAMS, PETER – Appointed: 01.07.2016 MALVERN EAST VIC 3145
SECRETARY	BOBEFF, KATRINA DIANA – 17.11.2016 PETER JAMES WILLIAMS – 01.06.2009
SECURITY INTERESTS	Effective 30 January 2012 the Personal Property Securities Register (PPSR) was introduced to give the different Commonwealth, State and Territory laws and registers regarding security interests in personal property under one national system. As a result of PPS Reform a number of existing Commonwealth, State and Territory personal property security registers will close. Interests registered on existing security interest registers will be migrated to the national PPS Register. Subsequently Registered Charges are no longer lodged with the Australian Securities and Investments Commission (ASIC).

Please contact us should you require a search of the PPSR.

BUSINESS STRUCTURE

TRADING ADDRESS	307 Ferntree Gully Rd MOUNT WAVERLEY, VIC 3149
POSTAL ADDRESS	Private Bag

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FACSIMILE	(613) 8540 2280
WEBSITE	www.australianpaper.com.au
TRADING NAMES	AUSTRALIAN OFFICE AUSTRALIAN PAPER
BRANCHES	RAGLAN, ST PRESTON, VIC WORTH ST CHULLORA, NSW ALBANY ST FYSHWICK, ACT EAST ST BROMPTON SA COLLIER ST BASSENDEAN, WA COBALT ST CAROLE PARK QLD
MILL	MARYVALE VIC
HOLDING ENTITY	NIPPON PAPER INDUSTRIES CO LTD –JAPAN
CONTROLLED ENTITIES	AUSTRALIA PAPER P/L - AUSTRALIA PAPER PRODUCTS MARKETING P/L - AUSTRALIA PAPER PRODUCTS TAIWAN LTD - TAIWAN PAPER PRODUCTS MARKETING HONG KONG LTD HONG KONG PAPER PRODUCTS MARKETING SINGAPORE PTE LTD – SINGAPORE PAPER PRODUCTS MARKETING USA INC- USA JOSEF FROHLEN PAPIERGROSSHANDLUNG-WILLI REDDEMAN IMPORT- EXPORT GMBH - GERMANY
BANK	NATIONAL AUSTRALIA BANK Branch: Melbourne, VIC
EMPLOYEES	1,221

BACKGROUND

The subject was incorporated in Victoria on 7 September 1993 as Decurion P/L, changing name on 14 October 1993 to Paper Merchant Holdings P/L, adopting the current style on 23 June 1998.

In 2009 the subject was acquired by Nippon Paper Group for \$700 million.

Operations were founded in Australia in 1939.

The Maryvale mill, located in the Gippsland region of Victoria was built in 1937, and our Shoalhaven mill, located in the Illawarra region of New South Wales, was opened in 1957.

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The Nippon Paper Group is a leading global pulp and paper manufacturing group which is principally based in Japan and employs almost 15,000 people.

On 10 October 2012 the subject announced that it would be proceeding with a \$90 million investment program to construct a premium recycled waste paper plant and associated infrastructure at the Maryvale Mill in Gippsland. The plant is expected to be complete in 2014.

On 24 February 2015 the subject announced the closure of the manufacturing facilities at Shoalhaven NSW. The closure is expected to be completed by the end of 2015.

The subject also announced a restructure of the corporate operations together with the amalgamation of the Australian Office, AP Print and AP Packaging Sales, Marketing, Customer Service and Product Development functions into one domestic sales team.

OPERATIONS

The subject operates in the manufacture of paper and office products including a range of office stationery, envelopes papers and boards for the publishing, packaging and general print sectors of the printing industry.

The subject primarily services the Australian market directly and through sales to merchant operations, office suppliers, printing papers users, and packaging manufacturers.

The Company has channels to market, building off its Australian mill, so local customers benefit from expert manufacturing capabilities, widely available product offering, superior service, customer support, and extensive and efficient supply lines.

Brands include Reflex, Olympic, Tudor, Optix and Queen's Slipper.

Activities are conducted from premises located at the above listed trading address.

ADVERSE

A search of records on 14 September 2018 failed to trace any litigation listed against the subject at that date.

FINANCES

Below is a summary of the subject's income results for the past two financial years.

Paper Australia P/L - consolidated

As at 31 Dec 2017	As at 31 Dec 2016	Change (%)
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PAPER AUSTRALIA PTY LTD - 529866

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Revenue	\$761,021,000.00	\$776,119,000.00	-1.95%
Profit b/tax	\$6,217,000.00	(\$12,593,000.00)	-149.37%
Profit a/tax	\$2,530,000.00	(\$19,144,000.00)	-113.22%
Net Profit Margin	0.33%	-2.47%	2.80%

Paper Australia Pty Ltd - consolidated

	As at 31 Dec 2015	As at 31 Dec 2014	Change (%)
Revenue	\$799,177,000.00	\$784,659,000.00	62576148.00%
Profit b/tax	(\$51,303,000.00)	(\$29,127,000.00)	76.14%
Profit a/tax	(\$60,945,000.00)	(\$37,491,000.00)	62.56%
Net Profit Margin	-7.63%	-4.78%	-2.85%

The Paper Australia Pty Ltd consolidated group's net gain after tax \$2.5 million (2016: loss of \$19.1 million). The business improved its underlying earnings during the period as a result of increased domestic volume and stronger pricing in international markets. Underlying business conditions continue to be supported by relatively stable AUD/USD exchange rate

During fiscal 2017, the subject recorded a consolidated Net Cashflows from operating activities totalling \$35,272,000.

As at 31 December 2017 the subject recorded consolidated total current assets of \$305,070,000. They included cash of \$47,247,000, receivables of \$98,099,000 and inventories of \$134,379,000.

Current liabilities at the same date totalled \$290,582,000 and included payables of \$108,478,000 and borrowings of \$136,454,000.

As at 31 December 2017 the subject recorded a deficiency in consolidated Working Capital of \$14,488,000 and a current ratio of 1.05 to 1 indicating satisfactory liquidity levels.

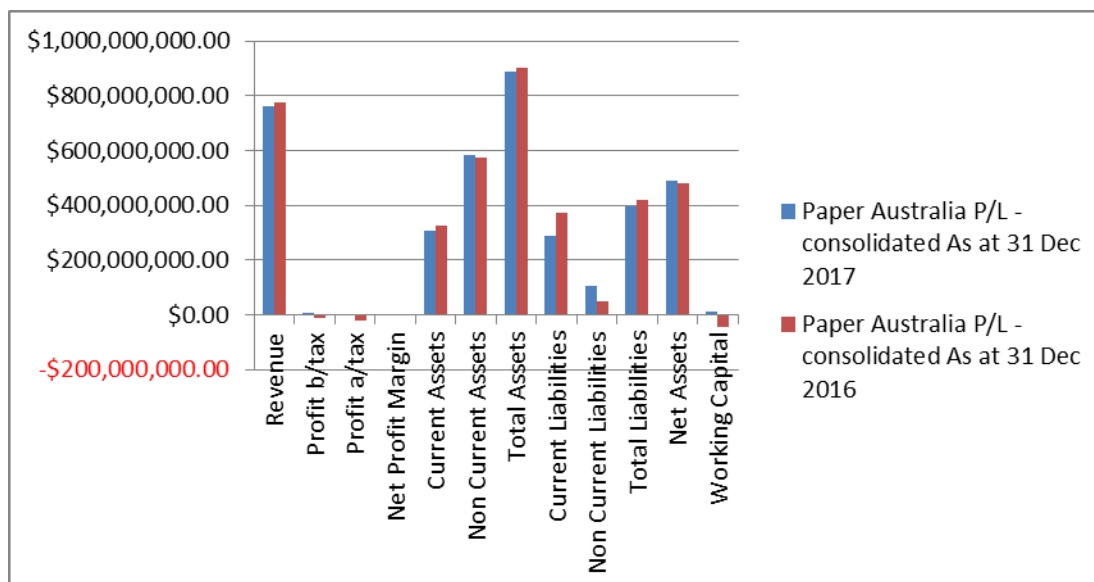
Consolidated Net Assets totalled \$492,252,000 as at 31 December 2017. At this date, the subject further recorded a Debt to Equity ratio of 0.81 to 1 showing. After deducting intangibles of \$1,061,000 this results in a Net Worth of \$491,191,000.

Paper Australia P/L - consolidated

	As at 31 Dec 2017	As at 31 Dec 2016	Change (%)
Revenue	\$761,021,000.00	\$776,119,000.00	-1.95%
Profit b/tax	\$6,217,000.00	(\$12,593,000.00)	-149.37%
Profit a/tax	\$2,530,000.00	(\$19,144,000.00)	-113.22%
Net Profit Margin	0.33%	-2.47%	2.80%
Current Assets	\$305,070,000.00	\$326,866,000.00	-6.67%
Non Current Assets	\$584,319,000.00	\$575,236,000.00	1.58%
Total Assets	\$889,389,000.00	\$902,102,000.00	-1.41%
Current Liabilities	\$290,582,000.00	\$373,175,000.00	-22.13%

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Non Current Liabilities	\$106,555,000.00	\$47,386,000.00	124.87%
Total Liabilities	\$397,137,000.00	\$420,561,000.00	-5.57%
Net Assets	\$492,252,000.00	\$481,541,000.00	2.22%
Working Capital	\$14,488,000.00	(\$46,309,000.00)	-131.29%
Current Ratio	1.05	0.88	19.86%
Debt to Equity	0.81	0.87	-7.62%



TRADE SURVEY

Trade payment records from further sources in the past 4 months have traced the following data for the subject.

Total Owing: \$5,587
Total Past Due: \$1,413
Average Late Payment Days: 46
All Industries Late Payment Days: 12

Within terms: \$4,174
1 – 30 days past due: \$37
31 – 60 days past due: \$539
61 – 90 days past due: \$0
91+ days: \$837

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.55
UK Pound	1	INR 94.94
Euro	1	INR 84.39
AUD	1	INR 52.43

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	DNS

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)