

4 December 2013

COMPETITION LAW COMPLAINT IN GERMANY AGAINST SAPPI EUROPE SA

PaperlinX Limited ("**PaperlinX**") today announced that it has lodged a complaint against paper manufacturer and supplier Sappi Europe SA ("**Sappi**") with the Bundeskartellamt ("**BKA**"), the German Federal Cartel Office, in respect of alleged ongoing infringements of European Union ("**EU**") and German competition law. The complaint was lodged by PaperlinX together with its German subsidiary, Deutsche Papier Vertriebs GmbH.

Sappi has supplied paper products to PaperlinX and its subsidiaries in Germany and in other EU Member States for a number of years under the parties' longstanding commercial relationship.

In summary, the complaint submitted by PaperlinX to the BKA on 3 December 2013 sets out the allegation that Sappi is in breach of Article 101(1) of the Treaty on the Functioning of the European Union and sections 1, 20 (1) and 19 (1) (2) no. 1 of the German Act against Restraints of Competition, on the basis that Sappi restricts the customers to whom PaperlinX is able to make indent sales. Indent sales involve supplies of paper directly from Sappi to PaperlinX's customer's specified place of delivery, but in respect of which PaperlinX bears all commercial risk with its customer.

More specifically, the complaint alleges that:

- Sappi varies the prices and/or delivery terms that it offers to PaperlinX according to the identity of the customer to be served by PaperlinX for indent sales;
- in particular, Sappi has refused to quote or has offered less attractive prices and/or delivery terms where PaperlinX has refused to identify the customer or where the customer was one that Sappi had previously supplied through a different paper merchant and/or that it preferred to supply through a different paper merchant;
- PaperlinX has found itself unable to compete effectively with other paper merchants where Sappi has refused to quote or has offered less attractive prices and/or delivery terms in this way;
- PaperlinX has thus over the years been forced into the practice of having to provide customer names to Sappi as the only way to gain competitive prices and has been restricted in its ability to provide competitive quotes to the customers of other paper merchants who are also supplied by Sappi;
- based on these facts, in PaperlinX's view, Sappi has effectively assigned customers between paper merchants, ensuring that PaperlinX sells Sappi paper products to only certain customers via indent sales and restricting the freedom of PaperlinX under EU and German competition law to sell to whomever it wishes.

The complaint also sets out PaperlinX's view that these practices have had, and continue to have, a serious impact on PaperlinX's ability to compete to win new business and to increase its market share, and that these practices are also to the detriment of printers and other customers in the industry.

Since Sappi has been unwilling to engage with PaperlinX to resolve these issues commercially, PaperlinX is now seeking to protect its interests through a formal complaint to the appropriate national competition regulator. PaperlinX is hopeful that the complaint will bring about a positive change in Sappi's approach to the issue.

For further information, please contact:

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