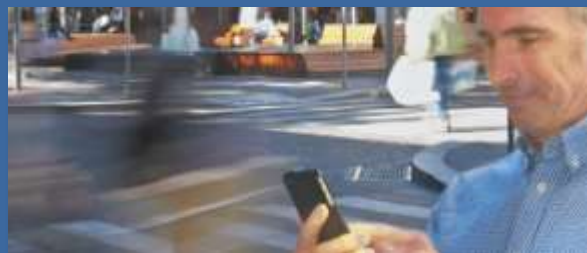




Transformation Underway –  
Delivering Benefits



2013 Full Year Results  
Presentation

Peter George, CEO  
Geoff Stephenson, CFO



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**“PMP is a leader in the print and distribution industry. The strategy to transform the company into a leaner, stronger and more competitive entity is on track and delivering the anticipated results.”**

# FY13 Highlights

- Safety



- LTIFR 9.5 v 6.1
- Focus on internal capability

- EBITDA\*\* at \$72.2M



- Above market guidance
- Revenue down 10.8% Heatset, Gordon & Gotch
- Margin pressure in Print
- Volume declines (publishing and retail)

- EBIT\* at \$34.4M



- Above market guidance and up 5.1% YOY
- Strong Transformation outcomes offset margin/volumes

- Transformation Plan



- Phase 2 of Cost reduction program commenced
- \$27M spent, annualised savings \$37.1M achieved
- Lower headcount 412 FTEs (19%)

- Net Debt at \$89.1M



- Free cashflow \$54.2M:
  - Net Asset proceeds \$74.8M
  - Strong cash control continues

- Gearing level



- Net Debt \$89.1M (vs guidance \$90M - \$95M)
- Debt to EBITDA \*\* at 1.2x (vs 1.9x LY)
- Interest cover 4.8x vs 4.9x (Jun 12)

\* Before significant items

\*\* Profit / (Loss) before depreciation, amortisation, finance costs and income tax before significant items

# FY13 Highlights

## FY13 was an encouraging result

- Underlying EBIT up 5.1% to \$34.4M - top end of guidance range
- Strong cash control continues. Free cash flow \$54.2M (- \$2.3M FY12)
- Net debt significantly reduced to \$89.1M (\$143.3M FY12) - ahead of guidance, 1.2x Net Debt to EBITDA #
- Major Heatset customer contracts secured, market share gains with Tier 1 & 2 customers
- New Zealand, Distribution AU and Digital all recorded improved EBIT results
- Print AU EBIT fell as transformation savings were offset by lower volumes and prices

## Transformation underway and delivering benefits

- NZ transformation successfully completed NZD \$19M annualised savings
- Australia Phase 2 completed– cost \$27M, annualised savings \$37.1M with \$13.6M in FY13
- \$74.8M of assets and properties sold, four sites leased back
- Chullora site closed and Digital sites being relocated

## Focus on building a consistent, sustainable and more profitable PMP

- Leading print and distribution company in Australasia – back to core, simplified, integrated and national
- Challenging market conditions and competitive activity, weak consumer spending, industry overcapacity
- Growth drivers: catalogues – resilient and relevant to retailers, cross sell, market share gains, innovation
- Phase 3 Transformation under review
- Market evolving to integrated campaigns using online and traditional media offerings, underpinning demand for PMP's products and services
- Well positioned for industry rationalisation

**“PMP is a leader in the print and distribution industry. The strategy to transform the company into a leaner, stronger and more competitive entity is on track and delivering the anticipated results.”**

# before significant items

# FY13 Highlights

\$M	FY13	FY12	Variance %
Revenue (Operating Revenue)	975.8	1,093.9	(10.8)
Expenses	(903.6)	(1,017.4)	11.2
Expense ratio	92.6%	93.0%	
EBITDA *	72.2	76.5	(5.7)
EBITDA %	7.4%	7.0%	
Depreciation & Amortisation	(37.8)	(43.8)	13.7
EBIT *	34.4	32.7	5.1
Net Profit post tax *	14.8	8.8	68.7
Significant items post tax	(84.5)	(33.3)	
Net (Loss)/ Profit (after significant items)	(69.7)	(24.5)	
EPS	(21.5)	(7.5)	
Cash Flow from Operating Activities	7.6	31.4	(75.8)
Free Cash Flow	54.2	(2.3)	
Net Debt	(89.1)	(143.3)	37.8
* (before significant items)			

# Reconciliation of EBITDA before significant items

\$M	FY13	FY12
Statutory loss	(69.7)	(24.5)
Income tax (expense) / benefit	(1.7)	1.6
Statutory loss before income tax	(68.0)	(26.1)
Significant items	88.5	41.1
<b>Profit before significant items</b>	<b>20.5</b>	<b>15.0</b>
Net finance costs	13.9	17.8
<b>EBIT (before significant items)</b>	<b>34.4</b>	<b>32.7</b>
Depreciation and amortisation	37.8	43.8
<b>EBITDA (before significant items)</b>	<b>72.2</b>	<b>76.5</b>
<p>EBIT and EBITDA (before significant items) provides a better understanding of financial performance because it removes significant items that are material items of revenue or expense that are unrelated to the underlying performance of the business thereby facilitating a more representative comparison of financial performance between financial periods.</p>		

# Transformation Strategy

Transformation is a fundamental change in our culture, cost base, structure, flexibility, engagement with customers, competitiveness, reporting and commitment to shareholders

- NZ transformation successfully completed in FY12
- Australia Phase 2 - \$27M cash cost, \$37.1M annualised savings, \$13.6M in FY13, mostly 2H
  - Headcount reduced by 412 full time employees
  - Press relocations completed
  - Digital sites relocation to Moorebank and Clayton underway
  - Manroland press commissioning due August 2013
  - Pacific Micromarketing sold
  - Asset sale and lease back program completed. Net asset proceeds \$74.8M (includes PMM)
  - Phase 3 being formulated

# Significant Items

\$M	Pre-Tax
Redundancy / Other (incl. Press relocations) - Phase 2	31.4
Chullora closure costs	12.5
Onerous lease - Digital	1.8
Onerous lease - Chullora	5.6
Sub Total	51.3
Profit on Asset Sales	(27.2)
<b>Net Cash Significant Items</b>	<b>24.1</b>
Fixed asset impairment / Swap non-cash gain	8.4
Heatset Intangible impairment	56.0
<b>Non-cash Significant Items</b>	<b>64.4</b>
<b>Total Significant items</b>	<b>88.5</b>



# Free Cash Flow

\$M	FY13	FY12	Var \$
EBITDA (before significant items)	72.2	76.5	(4.3)
Borrowing costs	(18.0)	(14.3)	(3.7)
Income tax refunds / (paid)	0.0	(2.8)	2.8
Net movement in working capital	(3.0)	(17.6)	14.6
Trading Cash flow	51.2	41.8	9.4
Significant items	(43.7)	(10.4)	(33.3)
<b>Cash flow from Operations (Appendix 4E)</b>	<b>7.6</b>	31.4	(23.8)
Asset sales	74.8	-	74.8
Dividends paid and Share Buy back	-	(9.3)	9.3
Capital Expenditure #	(23.8)	(23.7)	(0.1)
Gain / (Loss) on translation of NZ Debt	(4.3)	(0.7)	(3.6)
<b>Free Cash flow</b>	<b>54.2</b>	<b>(2.3)</b>	<b>56.5</b>

# Fiscal 2013: final Manroland payment \$17.5M and BAU \$6.3M

# Balance Sheet Metrics

	June 13	Dec 12	June 12
Total Assets \$m	549.1	632.8	661.8
<b>Shareholders Funds \$m</b>	<b>258.0</b>	298.5	320.7
<b>Net Debt \$m</b>	<b>89.1</b>	134.5	143.3
Interest cover (EBITDA** / Interest) (times)	4.8	5.1	4.9
<b>Net Debt / EBITDA (times) **</b>	<b>1.2</b>	1.9	1.9
Net Assets per share (cps)	0.71	0.73	0.74
Trade Working Capital \$m	46.6	49.3	49.4
Debtor Days	33.7	34.2	34.3
Cash Conversion % *	71.0	65.9	54.6
ROFE% #	8.4	6.5	6.8

\* Cash conversion calculated as Cash flow from operations (adjusted for significant items) / EBITDA pre significant items

\*\* Profit / (Loss) before depreciation, amortisation, finance costs and income tax before significant items

# ROFE equals EBIT (before significant items) / Average Funds Employed

# Debt Reduction – Second Half FY13

<b>Net Debt at December 2012 (\$M)</b>	<b>(135)</b>
Asset sales :	
Moorebank/Bibra Lake/Clayton/ Wacol/Other	70
PMM sale	5
Transformation spend	(22)
ManRoland Capex/ Chullora closure costs	(25)
BAU trading cash flows	18
<b>Net Debt at June 2013</b>	<b>(89)</b>

# Debt Facilities

- Net debt at 30 June 2013 = \$89.1M
  - Bank Debt facility (ANZ/CBA) maturity September 2014
  - New Commerzbank facility: asset financing Manroland press:
    - Euros 17.0M , fully hedged to A\$, 8.5 year term to Sep 2021

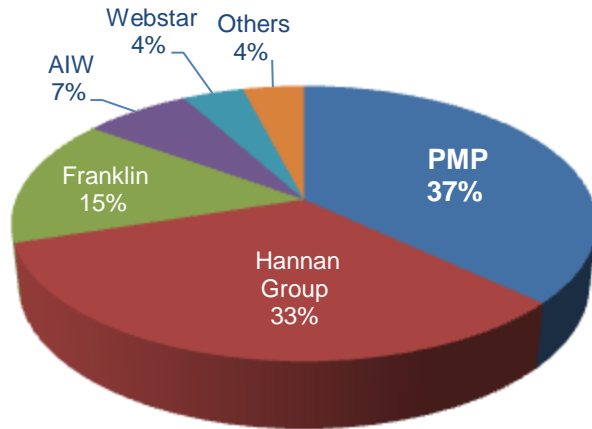
# Business Description

The principal activities of the PMP Group are commercial printing, letterbox delivery, digital pre-media and magazine distribution services.

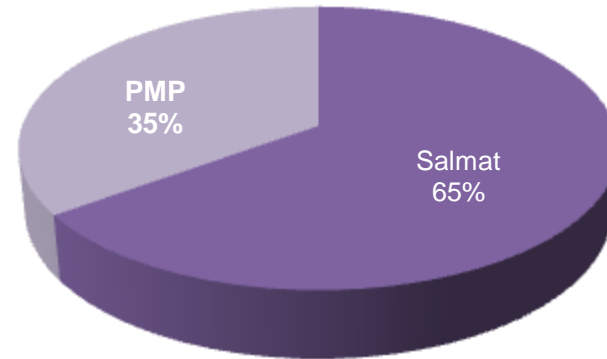
- **PMP Australia** is the integration of Print, Distribution and Digital businesses offering contract printing for publishers, retailers and others, book printing/manufacture, letterbox distribution of catalogues and marketing and photography services.
- **PMP New Zealand** provides highly specialised stand alone media services that, together, offer fully integrated supply chain solutions to print media, retail, SME's, real estate, publishing and micromarketing clients.
- **Gordon and Gotch** is the largest independent distributor of print and digital magazines in Australia and New Zealand

# FY13 Market Shares

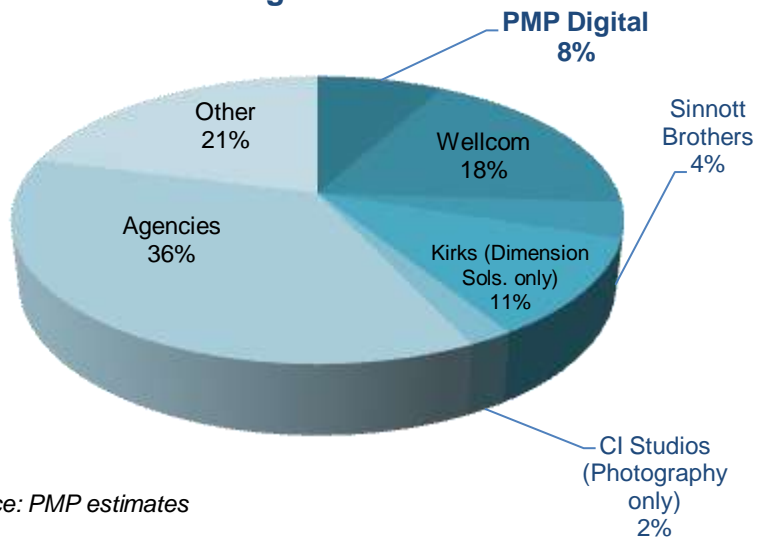
## Heatset Australia



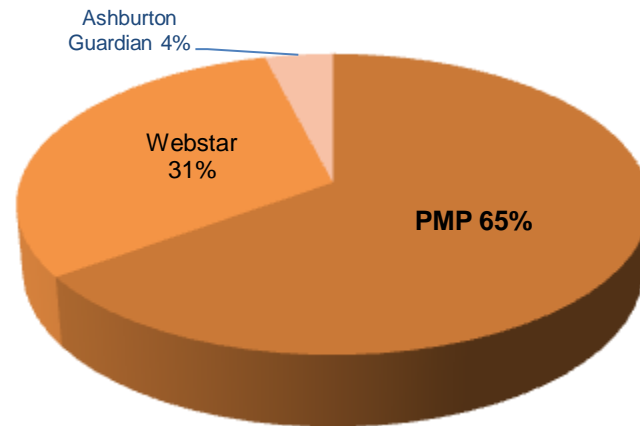
## Distribution Australia



## Digital Australia



## New Zealand Heatset



Source: PMP estimates

# Building a Consistent, Sustainable and More Profitable PMP

## Outlook

- Challenging market conditions set to continue
- Cyclical weakness/ consumer spending, pagination, volumes
- Industry overcapacity affecting pricing
- Phase 3 Transformation being formulated
- Catalogues - effective, resilient & relevant to retailers
- Integrated marketing gaining traction, using on line in conjunction with traditional media - underpinning demand for PMP's products and services
- Continued strong cash focus

## Competitive strengths

- Build on industry leadership
- Integrated model, simplified functional structure and strong culture
- National footprint – speed to market

## Growth opportunities

- Cross sell
- Market share gains
- Innovation, DMarketer
- Well positioned for industry rationalisation

# Conclusions

**“PMP is a leader in the print and distribution industry. The strategy to transform the company into a leaner, stronger and more competitive entity is on track and delivering the anticipated results.”**

- Australia's leading Print & Distribution company. Transformation strategy underway, disciplined execution, delivering benefits
- Encouraging FY13 results with EBIT before significant items at top of guidance range, positive Free Cash Flow and Net Debt reduced below bottom end of guidance range
- Weak consumer spending and industry overcapacity continuing. PMP's competitive strengths driving growth opportunities – integrated, simplified and national
- Focus on building a consistent, sustainable and more profitable PMP
- Guidance to be provided at AGM



# ADDENDUM

# Segment Performance

Operating Revenue (\$M)	FY13	FY12	Var \$	Var %
PMP Australia	493.6	564.0	(70.4)	(12.5%)
PMP New Zealand	158.8	171.4	(12.6)	(7.3%)
Gordon and Gotch Group	323.4	358.5	(35.1)	(9.8%)
Corporate/Other	0.0	0.0	0.0	
<b>TOTAL GROUP</b>	<b>975.8</b>	<b>1,093.9</b>	<b>(118.1)</b>	<b>(10.8%)</b>

EBIT (Before Significant Items) (\$M)	FY13	FY12	Var \$	Var %
PMP Australia	30.6	39.9	(9.3)	(23.2%)
PMP New Zealand	9.7	1.6	8.1	-
Gordon and Gotch Group	1.1	1.0	0.1	12.1%
Corporate/Other	(7.1)	(9.8)	2.7	27.8%
<b>TOTAL GROUP</b>	<b>34.4</b>	<b>32.7</b>	<b>1.7</b>	<b>5.1%</b>

# PMP Australia

## Printing

- Publishing, retail and book volumes decline. Industry overcapacity affects prices.
- Chullora site shut, contract volumes at Moorebank till June 2016
- Tighter cost control, lower headcount and completion of internal press relocations
- Secured major print and book contracts as well as new work

## Distribution

- Improved profit despite lower revenues
- Cancelled campaigns and volume reduction from exiting major retailers impacted revenue
- Transformation plan reduced salary costs
- Secured major long term contracts and won major group package job

## Digital/ Marketing Services

- PMM sold to Experian Dec 12
- Transformation plan delivered cost savings through redundancies
- Major DMarketer contract signed. Phase 1 delivery and training completed
- Successful renegotiation of existing Tier 1 Photography contract for further year
- Reductions in sales from existing customers
- Increased competitor activity, aggressive pricing

# PMP New Zealand

## Printing

- Transformation cost savings delivered
- Significant productivity improvements delivered in both blue and white collar roles
- The Sales team's simplified functional structure is gaining momentum
- Growth in market share continued, competitive and shrinking market
- Sheetfed benefitting from additional volumes post GEON collapse in FY12.

## Distribution

- Growth in retail catalogue market share
- Growth in suburban Newspaper market share
- Significant operational efficiencies from the combined Print and Letterbox Distribution offer
- Tight cost control and benefit of new freight and rural network arrangements

# Gordon & Gotch

## Australia

- Volume decline – magazine circulation
- Continued focus on cost reduction and restructuring – reduced FTE's

## New Zealand

- Net sales decline (7.3%) vs pcp magazine circulation and title closures
- Logistic savings from new freight networks
- Significant productivity improvements delivered in both blue and white collar roles
- Cost reduction continuing

## Print Business

Converted Tonnes (000s)	FY13	FY12	Var	Var %
Print AU	198.8	228.2	(29.4)	(12.9%)
Print NZ	40.3	44.4	(4.0)	(9.1%)
<b>Print - TOTAL</b>	<b>239.1</b>	<b>272.5</b>	<b>(33.4)</b>	<b>(12.3%)</b>

## Letterbox Distribution

Units Delivered - Total # of copies (m)	FY13	FY12	Var	Var %
Distribution AU	2,308.8	2,364.9	(56.1)	(2.4%)
Distribution NZ	602.3	590.4	11.9	2.0%
<b>Distribution – TOTAL</b>	<b>2,911.1</b>	<b>2,955.3</b>	<b>(44.2)</b>	<b>(1.5%)</b>

## Magazine Business

Gross Copies Distributed (m)	FY13	FY12	Var	Var %
Gordon and Gotch AU	138.3	155.2	(16.9)	(10.9%)
Gordon and Gotch NZ	21.2	25.8	(4.6)	(17.9%)
<b>Gordon &amp; Gotch - TOTAL</b>	<b>159.5</b>	<b>181.0</b>	<b>(21.5)</b>	<b>(11.9%)</b>

The material in this presentation is a summary of the results of PMP Limited (PMP) for the twelve months ended 30 June 2013 and an update on PMP's activities and is current at the date of preparation, 28<sup>th</sup> August 2013. Further details are provided in the Company's FULL year accounts and results announcement released on 28<sup>th</sup> August 2013.

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