

PMP LIMITED

Results for the 6 months
ended 31 December 2008

11 FEBRUARY 2009

Richard Allely, Acting CEO

Phillip Elbourne, Acting CFO



AGENDA

Overview

Financial performance

Operational review

Strategy & outlook

Q & A



- EBIT (before significant items) down 30.4% on pcp
- Restructuring initiatives including redundancy costs and asset write downs of \$28.1m
- Gearing (debt / equity) at 65.8%
- Interest cover at 5.5x EBITDA (before significant items)

- Print optimisation program underway
 - Plant and press closures SA/QLD
- ACP signed for further 3 years
- Acquisition of the Scribo Group in September 2008
- Catalogue volumes up 4.7%
- Launch of on-line catalogue site – “whats4sale.com.au”

FINANCIAL PERFORMANCE

Phillip Elbourne
Acting CFO



Result overview



\$m	6 months to 31 December		
	<u>2008</u>	<u>2007</u>	<u>Change</u>
Sales revenue	<u>713.2</u>	<u>702.5</u>	<u>1.5%</u>
EBITDA (before significant items)	<u>53.6</u>	<u>68.4</u>	<u>(21.6%)</u>
Depreciation & Amortisation	<u>(20.1)</u>	<u>(20.3)</u>	<u>1.0%</u>
EBIT (before significant items)	<u>33.5</u>	<u>48.1</u>	<u>(30.4%)</u>
Borrowing costs	<u>(9.8)</u>	<u>(9.5)</u>	<u>(3.2%)</u>
Borrowing costs - mark to market	<u>(11.4)</u>	<u>0.8</u>	<u><<</u>
EBT (before significant items)	<u>12.3</u>	<u>39.4</u>	<u>(68.8%)</u>
Income tax expense	<u>(3.7)</u>	<u>(12.6)</u>	<u>>></u>
Net profit (before significant items)	<u>8.6</u>	<u>26.8</u>	<u>(67.9%)</u>
Significant items (before tax)	<u>(28.1)</u>	<u>38.9</u>	<u><<</u>
Income tax on significant items	<u>8.4</u>	<u>2.4</u>	<u>>></u>
Net (loss)/profit (after significant items)	<u>(11.1)</u>	<u>68.1</u>	<u><<</u>

NPAT – significant items



(\$m)	6 months to 31 December	
	2008	2007
Loss on disposal of assets	(1.5)	-
Restructuring costs	(10.0)	(3.1)
Impairment - Plant held for sale	(11.9)	-
Impairment - Plant	(4.7)	(4.8)
Discount on acquisition	-	3.7
Tax benefit	-	43.1
Significant Items	(28.1)	38.9
Non-cash items	(19.2)	42.0

- Restructuring costs of \$10m primarily redundancy, legal and consulting costs
- Impairment costs of \$11.9m relate to the write-down to fair value of certain assets held for sale
- Impairment costs of \$4.7m relate to the write-down of assets currently in use in New Zealand

(\$m)	6 months to 31 December	
	2008	2007
EBITDA (after significant items)	25.5	64.1
Non-cash	17.4	(0.9)
EBITDA (cash)	42.9	63.2
Borrowing costs	(9.1)	(8.8)
Income tax paid	(2.6)	(0.7)
Net movement in Working Capital	(31.9)	(16.0)
Cash flow (used in)/from Operating Activities	(0.7)	37.7
Cash flow applied to Investing Activities	(33.1)	(93.8)
Free cash flow (before financing activities)	(33.8)	(56.1)

- Working capital increase of \$31.9m due largely to build up of paper inventories

Balance sheet



(\$m)	As at		
	<u>Dec 2008</u>	<u>June 2008</u>	<u>Dec 2007</u>
Receivables	148.0	142.4	167.4
Inventories	127.4	95.8	85.5
Property, plant & equipment	382.6	403.0	440.6
Intangibles	123.1	97.8	100.5
Deferred tax assets	71.2	71.6	72.6
Other assets	28.9	24.8	19.6
Net bank debt	(248.1)	(199.6)	(259.4)
<u>Other liabilities</u>	<u>(256.2)</u>	<u>(240.6)</u>	<u>(235.3)</u>
Net assets	376.9	395.2	391.5

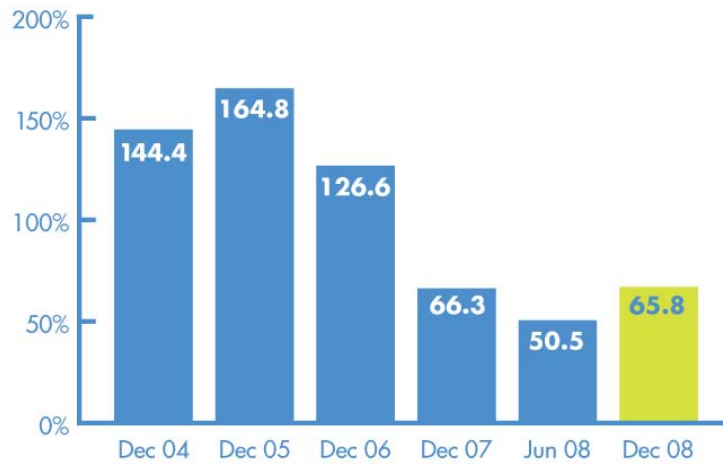
- Inventory up \$31.6m due to build up in paper stocks
- Intangibles up \$25.3m due to the Scribo Group acquisition in September 2008
- Net debt up \$48.5m due to combination of increased inventories and funding for the Scribo Group acquisition

- Current debt facilities:
 - Total facility size = \$315m
 - Amount drawn at 31 Dec 08 = \$281m
 - \$240m syndicated facility matures May 2012
 - \$75m 364 day facility matures May 2009
 - syndicate banks have given strong indication that the facility will be rolled
 - this facility is not currently fully drawn and if needed, could be repaid from cash flow and other debt facilities
- Average interest rate hedge at 31 December 2008 – 5.73%
- Average level of debt hedged during 1H09 – 74%

Comfortable gearing level



Debt to equity ratio

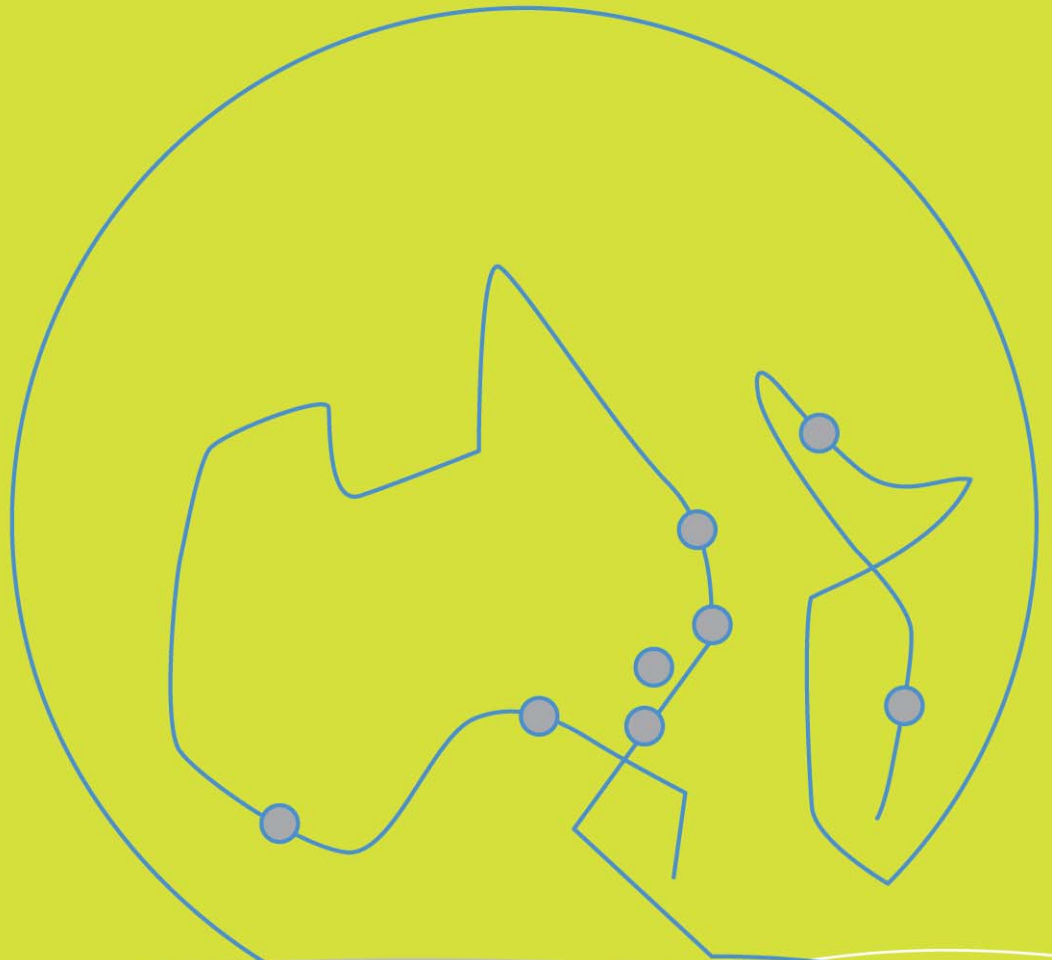


Interest cover: EBITDA (x)

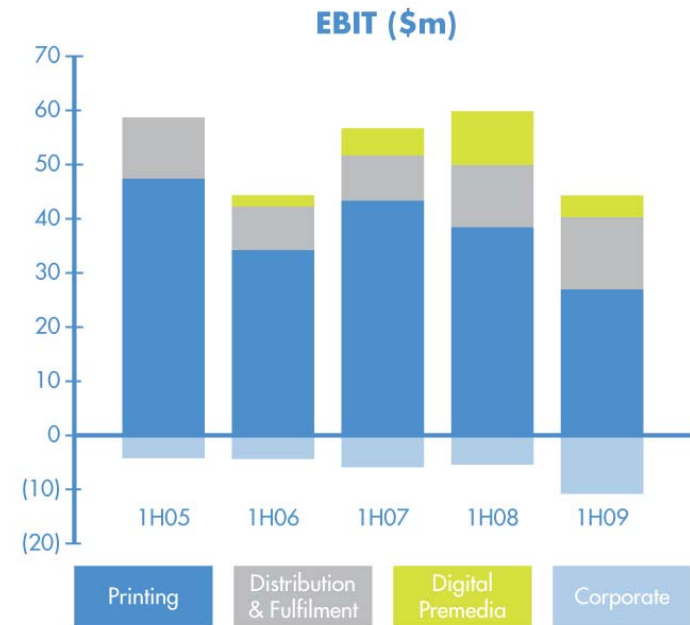
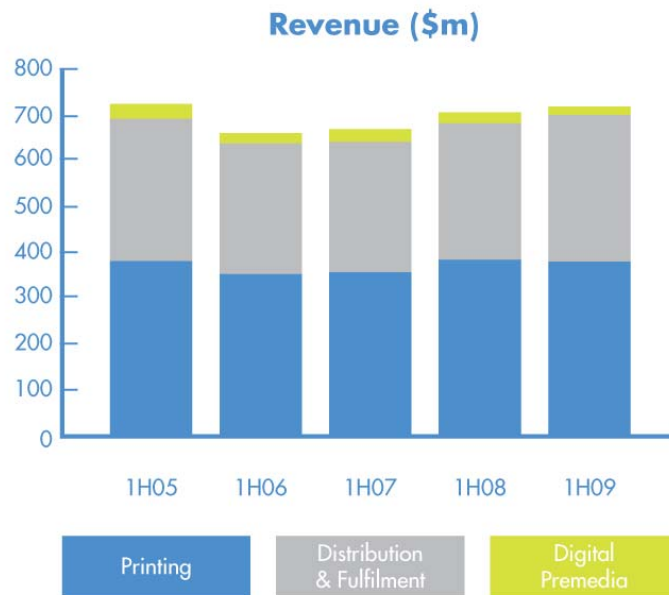


OPERATIONAL REVIEW

Richard Allely
Acting CEO



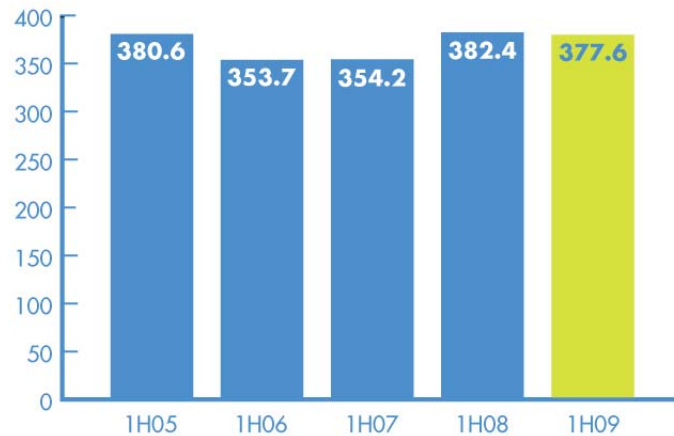
Overview



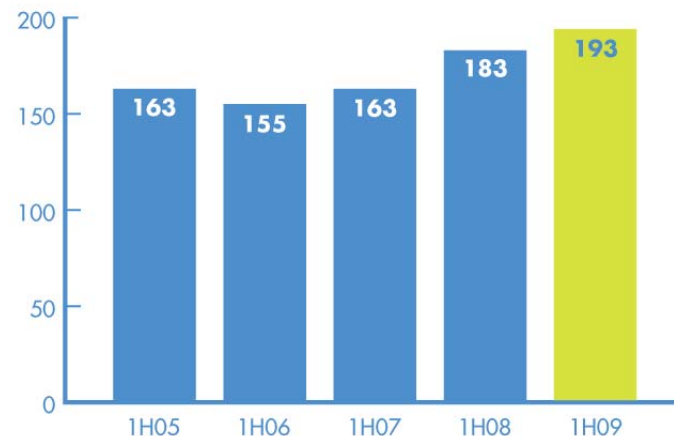
PMP
PRINT



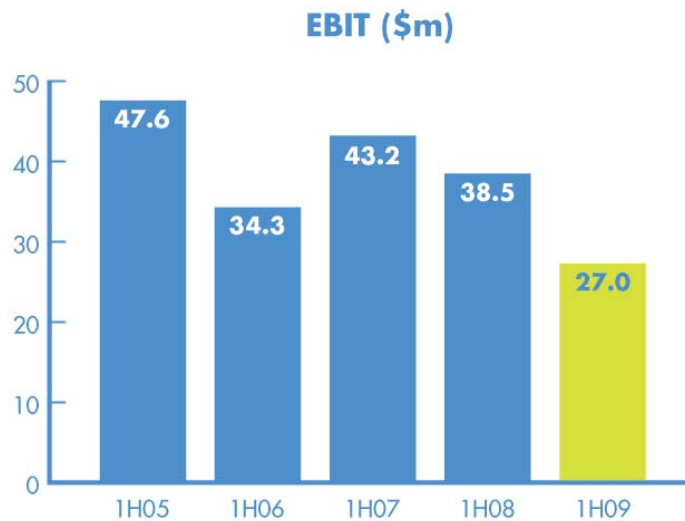
Revenue (\$m)



Converted tonnes (000s)



- Revenue down slightly to \$377.6m
- Revenue increases driven by:
 - print volumes up 5.7% to >193,000 tonnes due to increased retail contract work
 - highest ever throughput levels
 - increased directories volumes
- Offset by:
 - reduced magazine pagination given economic conditions
 - lower prices associated with long term/large volume retail contracts
 - margin squeeze
 - NZ economy impacting customer volumes



- EBIT down 30.0% to \$27.0m due to:
 - lower average selling prices
 - higher freight costs due to fuel excise that could not be passed on to customers
 - labour cost increases both rate (EBA) and overtime
 - increased storage costs (high stock levels)

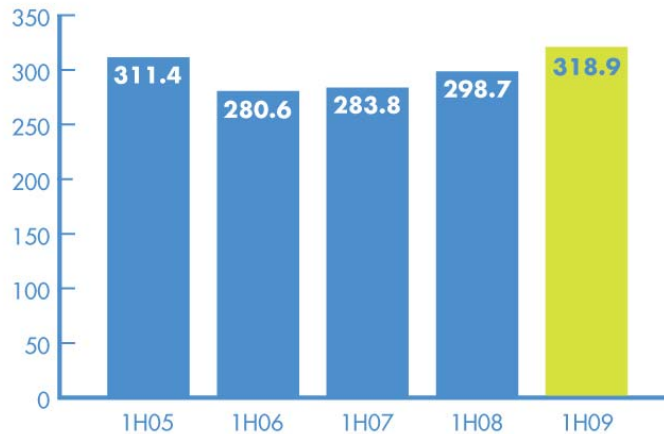
PMP
DISTRIBUTION
AND
FULFILMENT



PMP Distribution & Fulfilment – revenue & EBIT

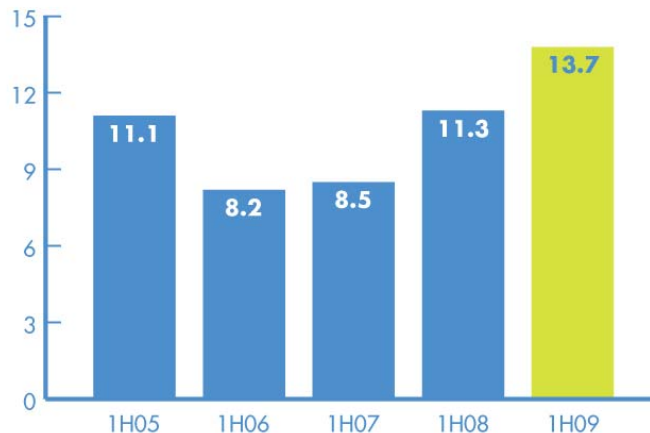


Revenue (\$m)



- Revenue up 6.8% to \$318.9m due to:
 - The Scribo Group acquisition
 - offset by price decline and increased returns % in Gordon and Gotch
- EBIT up 20.5% to \$13.7m due to:
 - The Scribo Group acquisition
 - offset by loss of Coles work in Qld and WA (remainder in 2H09)
 - reduction in general overheads

EBIT (\$m)



Distribution

- Volume increase due to new customers partially offset by lost business (eg Coles food)
- Deliverer recruitment & retention was challenging
- Reduction in general business overheads
- Project Edge has delivered new sales opportunities (GPS tracking)
- Launch of on-line catalogue site – whats4sale.com.au

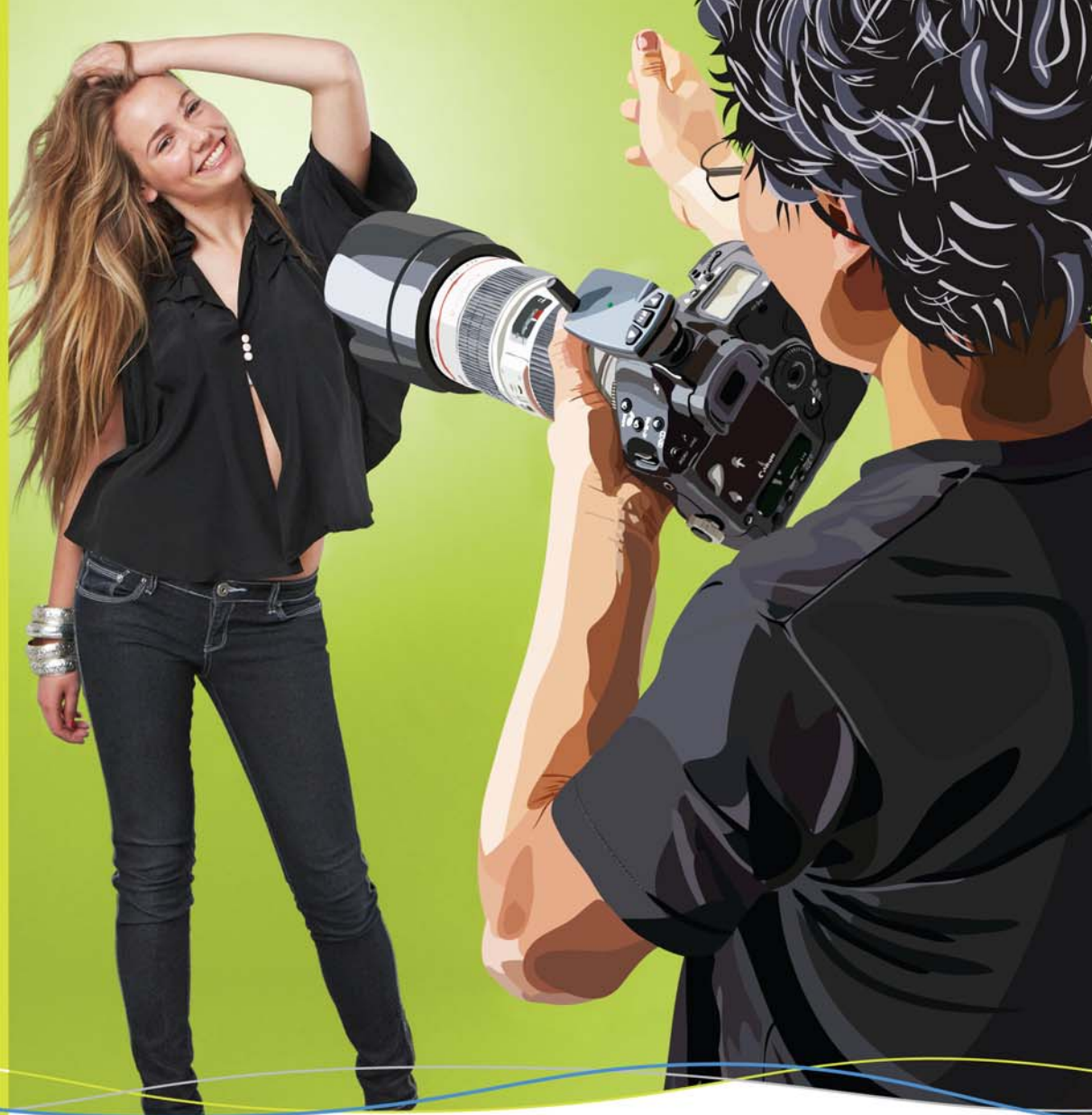
The Scribo Group

- A logical and natural extension for Gordon and Gotch into book distribution
- Integration is progressing as planned:
 - IT systems in 2009, and warehouse consolidation in early 2010
 - benefits to flow from FY10 through operation, freight and back office efficiencies
- Revenue synergies include:
 - cross-selling opportunities with Gordon and Gotch and Griffin Press
 - platform for future growth of the book distribution business
- Whilst retail is currently very challenging, the strategic rationale for the acquisition remains sound
- The Scribo Group provides an attractive medium for longer term growth

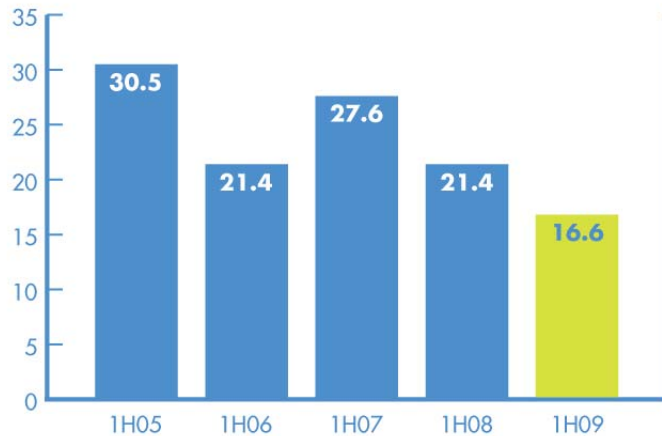
Gordon and Gotch

- Has been impacted by weaker retail environment – 4% decline in magazine market in 1H09
- Returns % has increased
- Partworks business is slowing down
- Some growth in new titles launched (e.g. Way2 Go, ex-Times Inc. titles including Who)

PMP
DIGITAL
PREMEDIA

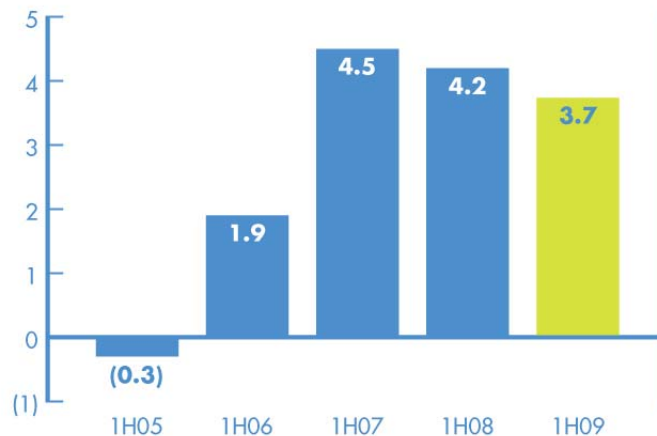


Revenue (\$m)



- Revenue down 22.3% to \$16.6m due to:
 - loss of a major contract
 - reduced activity from large customers

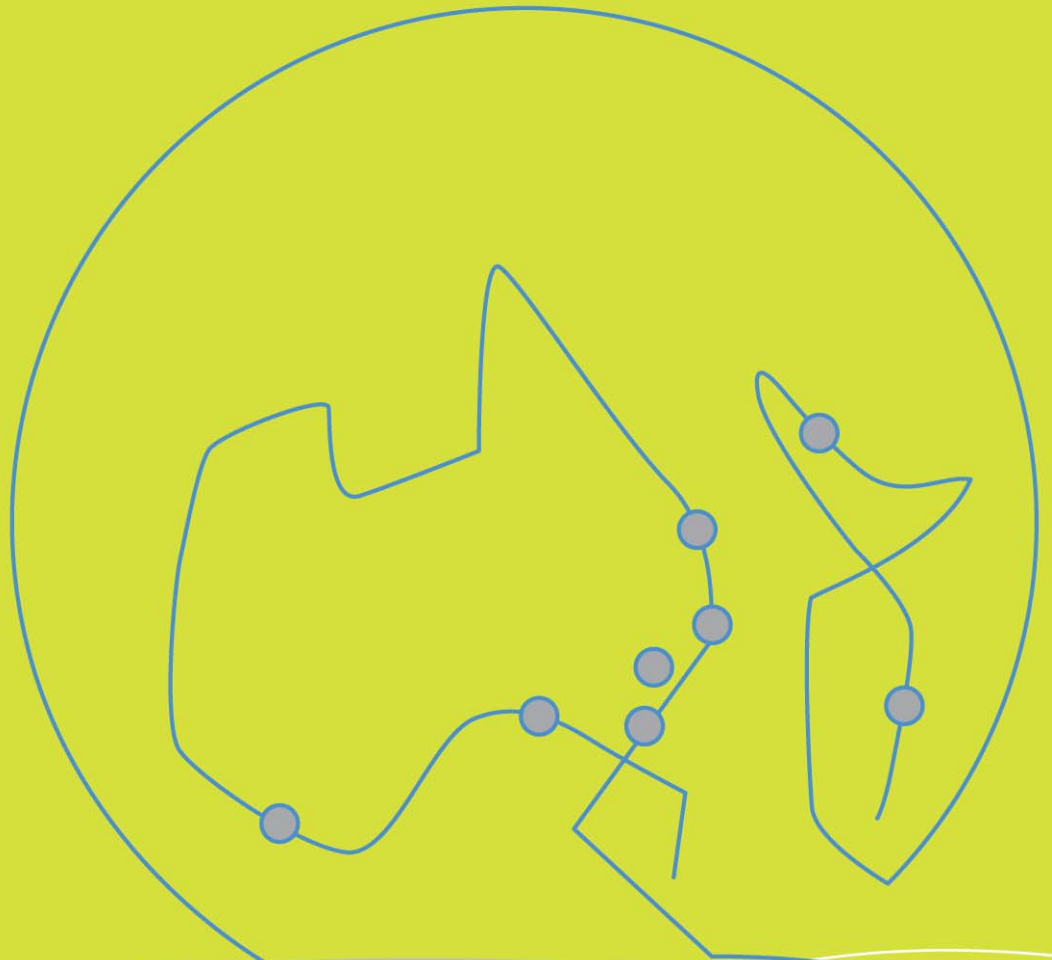
EBIT (\$m)



- EBIT down 10.6% to \$3.7m due to:
 - lower margins on reduced revenue
 - offset by cost saving initiatives

OUTLOOK

Richard Allely
Acting CEO



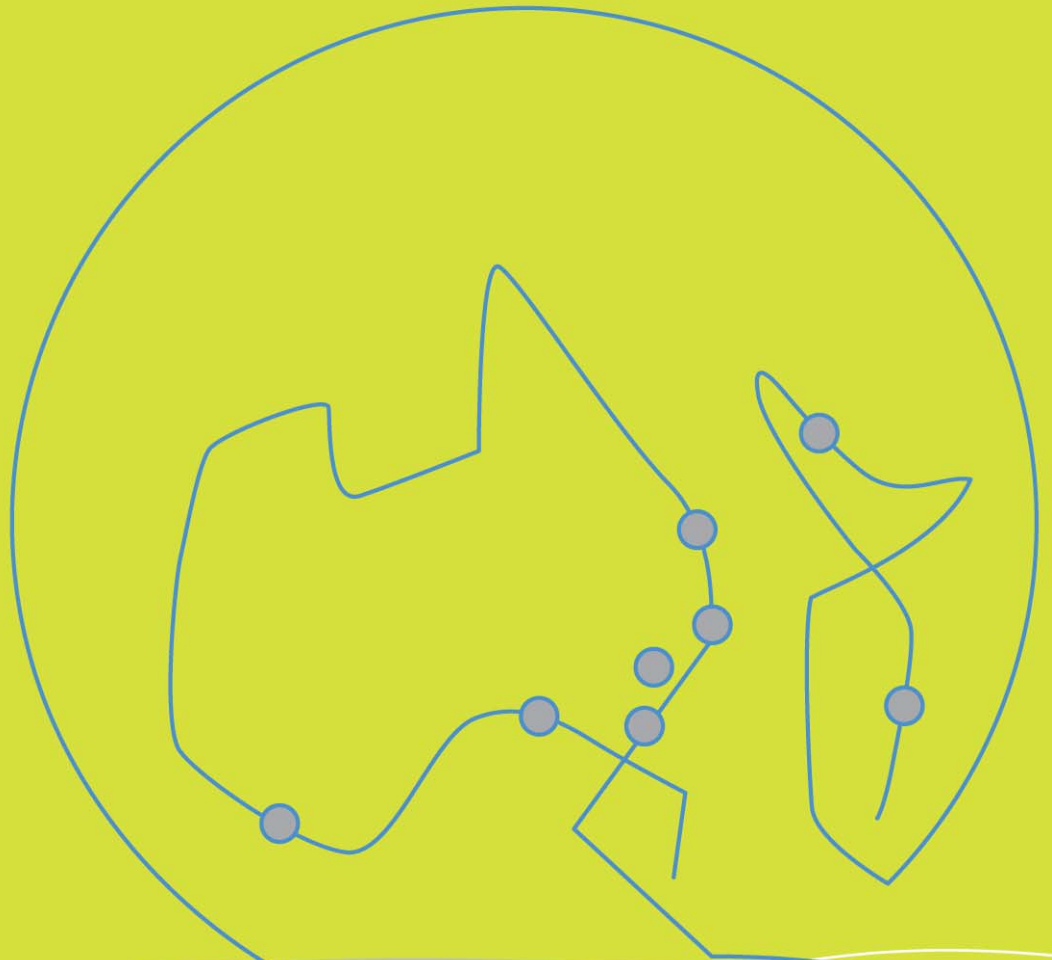
- Optimise current business (Aust & NZ)
- Minimise capex to maintenance only
- Reduce business overheads
- Further debt reduction
- Improve customer relationships
- Improve employee engagement

- Growth in “below the line” advertising (+6% in 2009)
- On line channels – whats4sale.com.au
- Cross selling (Gordon and Gotch / Griffin Books)
- Multi-channel marketing – PMM / Dimension Studios
- Expansion of digital asset management offer
- Low A\$ provides opportunity for more local printing

- Current market environment makes it inherently difficult to forecast forward earnings
- On the basis of no further market deterioration we expect:
 - 2H09 EBIT (before significant items) to be at least in line with 1H09
 - further significant items – approx. \$15m in 2H09 – relating to recently announced restructuring
 - net debt at 30 June 2009 of around \$200m

Q & A

Richard Allely
Acting CEO



Disclaimer



The material in this presentation is a summary of the results of PMP Limited (PMP) for the six months ended 31 December 2008 and an update on PMP's activities and is current at the date of preparation, 11 February 2009. Further details are provided in the Company's half year accounts and results announcement released on 11 February 2009.

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