



PMP Limited
INVESTOR PRESENTATION

Results for the 12 months ended 30 June 2009

14 August 2009

Richard Allely CEO ■ *Phillip Elbourne* CFO

RE-ENERGISING



Agenda

TRANSFORMATION *The Strategic Journey*

- Strong Executive Leadership Team
- EMT Objectives
- EMT Code of Conduct
- PMP Values

PMP GROUP *Results for the 12 months ended 30 June 2009*

- Overview
- Financial Performance
- Operational Overview
- Business Opportunity

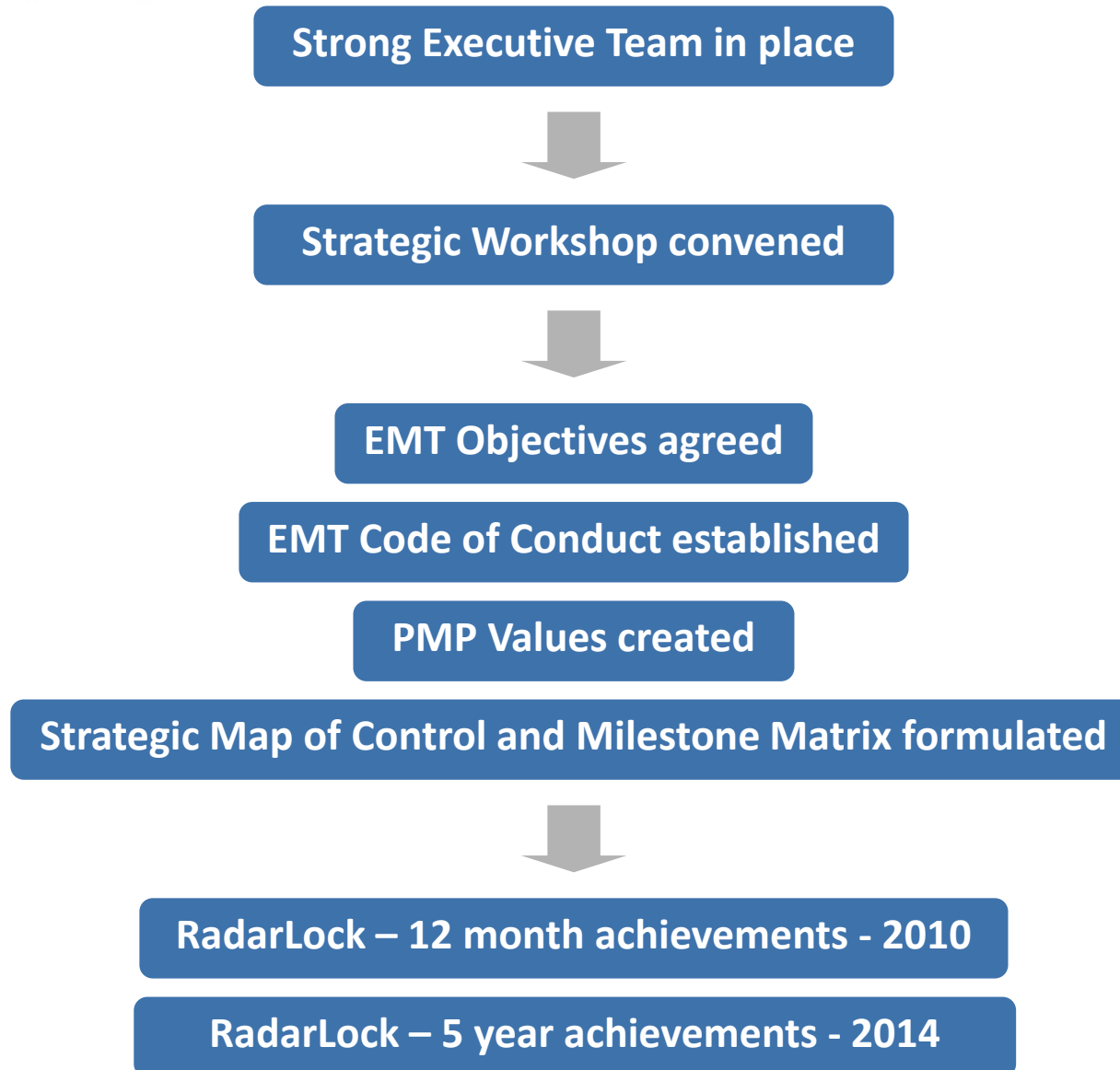


TRANSFORMATION

The Strategic Journey

RE-ENERGISING

The Strategic Journey





Strong Executive Leadership Team in Place

Richard Allely
CEO, PMP Limited



Phillip Elbourne
CFO

Alistair Clarkson
*Company Secretary
and Legal Counsel*

Andrew Williams
EGM Distribution

Peter Brown
EGM PMP NZ

Craig Davison
*EGM Gordon and Gotch
and Scribo*

Peter George
EGM Print Australia

Graham Plant
*EGM PMP Digital
and PMM*





PMP Values Created

SAFETY

PROTECTION | SECURITY | SAFEGUARDS | WELLBEING | ASSURANCE



The safety and security of our staff are of paramount importance to PMP. Our staff work for a profitable business that invests in their careers and looks after them in a safe working environment.

RELIABILITY

TRUSTED | RESPONSIBLE | MEASURED | ANSWERABLE | DEPENDABLE



PMP can be relied upon to deliver on its promises. We accept responsibility for our actions and the products and services we deliver. Our success depends on being answerable to each other, our customers and our business partners and we ensure our stakeholders can always measure us against our performance.

LEADERSHIP

VISIONARY | INNOVATIVE | CHALLENGING | KNOWLEDGE | EXPERTISE



We are recognised as true leaders in our industry and have been for more than 150 years. Our success is driven by the courage to promote and embrace innovative and visionary thinking and by challenging the status quo in the delivery of media services.



HONESTY

INTEGRITY | TRUTHFUL | ETHICAL | TRANSPARENT | RESPONSIBLE

The success of PMP, our staff and our customers depends on honesty, responsibility and integrity. We do not compromise our high ethical standards, mislead others or hide from our responsibilities.



TEAMWORK

PROACTIVE | ENERGETIC | COMMITTED | COOPERATIVE | SUPPORTIVE

With a 'One Team' ethos, every PMP team member works, supports and defends each other to achieve the company's goals. We see ourselves as integral partners to our clients and deliver products and services through teamwork and the development of trusted relationships.



PROFESSIONALISM

EXPERT | SKILLED | PROFICIENT | QUALIFIED | EXCELLENCE

Professionalism with excellence is the cornerstone of PMP and is what we are judged against by every stakeholder. Our success relies upon skilled, knowledgeable professionals who strive to exceed the expectations of our stakeholders every day.



PMP GROUP

Results for the 12 months ended 30 June 2009

RE-ENERGISING

Focus on safety:

- **LTIFR 8.7** – 10% reduction on previous year
- **Safety culture imbedded** from factory floor up through routine toolbox meetings
- **Each site now has safety as part of their operating plan**

PMP focused on action to:

- **Restructure operations to reflect revenue decline** in Print, largely driven by economic environment and market share loss
- **Restore client relationships** in letterbox distribution
- **Reduce cost base** to achieve lowest cost producer status in core product markets
- **Maintain flexibility and agility** in meeting customer needs across all businesses

Past year delivered mixed outcomes:

POSITIVE

- **Healthy retail catalogue market** especially supermarkets
- **Strong book printing** due to key selling authors
- **New and experienced Senior Leadership Team**

NEGATIVE

- **Unfavourable media coverage** – Distribution business
- **Revenue decline** due to economic conditions, lower average selling prices, and market share loss
- **New Zealand economy** continues to be **challenging**
- **Much lower volumes in final quarter of fiscal 2009**

Key items:

- **EBIT** (before significant items) down 36.3% on pcp
- **Restructuring initiatives** including redundancy costs and asset write downs of \$65.2m
- **Gearing** at 59.3%
- **Interest cover** at 5.1 x EBITDA (before significant items)



FINANCIAL PERFORMANCE

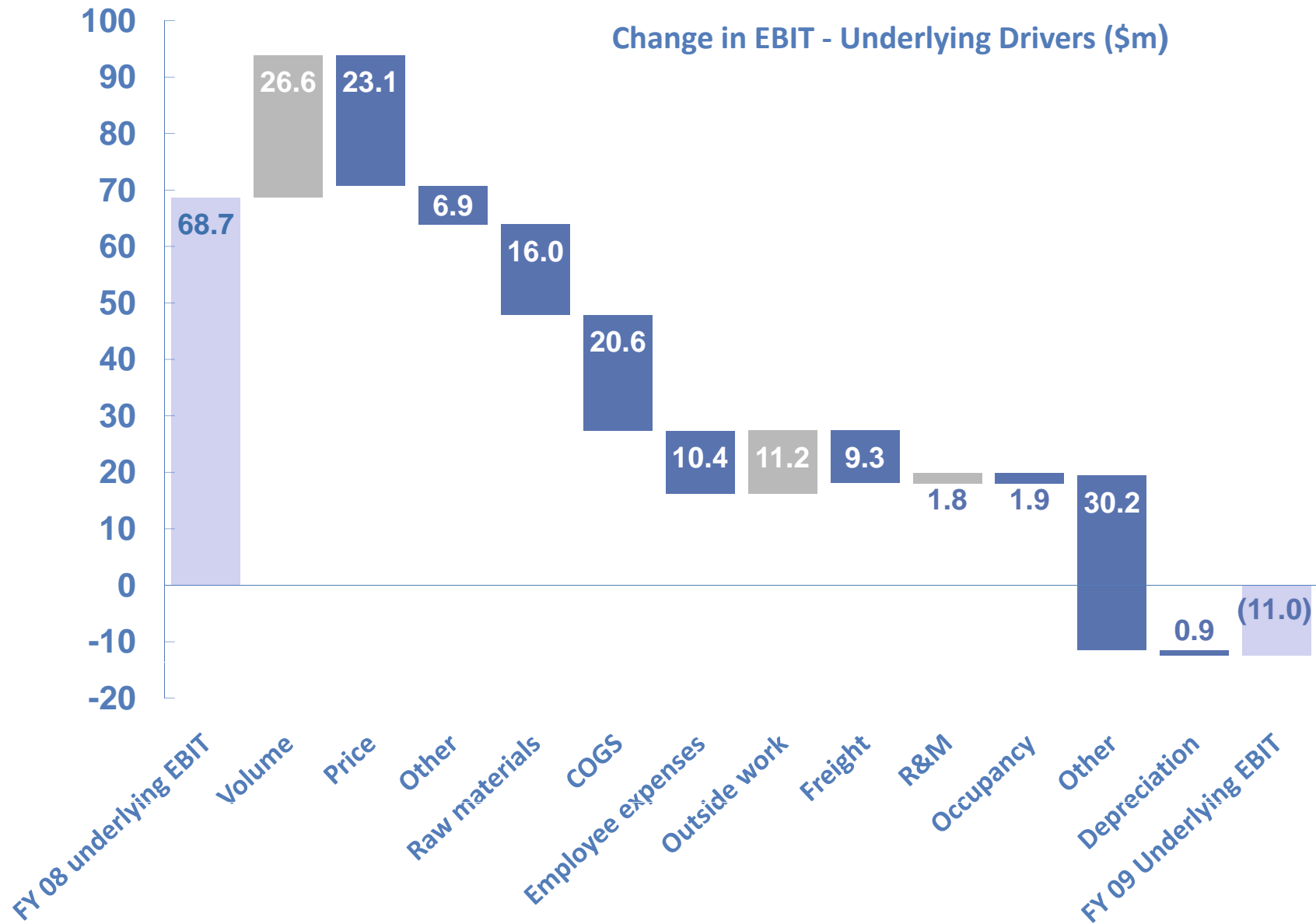
Phillip Elbourne, CFO

RE-ENERGISING

12 months to 30 June

\$m	2009	2008	Change
Revenue (Operating Revenue)	1,345.6	1,347.3	0.1%
EBITDA (before significant items)	96.0	125.9	(23.7%)
Depreciation & Amortisation	(41.8)	(40.8)	(2.5%)
EBIT (before significant items)	54.2	85.1	(36.3%)
Borrowing costs	(18.9)	(18.4)	(2.7%)
Borrowing costs – mark to market	(9.6)	(0.9)	>>
EBT (before significant items and after borrowing costs)	25.7	65.8	(60.9%)
Income Tax expense	(7.5)	(19.2)	<<
Net Profit (before significant items)	18.2	46.6	(60.9%)
Significant items (before tax)	(65.2)	26.6	>>
Income tax benefit (on significant items)	19.8	5.7	>>
Net (loss)/profit (after significant items)	(27.2)	78.9	>>

Results Overview



Significant Items Overview

12 months to 30 June

\$m	2009	2008
Discount on acquisition		3.7
Restructuring costs	(13.9)	(7.1)
Redundancy costs	(23.8)	(4.5)
Impairment – goodwill		(1.0)
Impairment – plant	(7.3)	(5.2)
Impairment – plant held for sale	(14.3)	(2.3)
Loss on disposal/write off of plant	(5.9)	
Tax benefit		43.0
Significant Items	(65.2)	26.6
Non-cash items	(36.4)	38.2

- Restructuring costs primarily legal, Times integration and consulting costs.
- Redundancies relate to profit improvement program (predominantly Print Australia).
- Impairment costs for write-down of assets in New Zealand and GPS.
- Impairment costs for write-down to fair value of assets held for sale (collation equipment and ex-Times presses).
- Loss on disposal/write off – presses in New Zealand and Salisbury (SA)

Cash Flow Overview

12 months to 30 June

\$m	2009	2008
EBITDA (after cash significant items)	96.0	125.9
Cash significant items	(28.8)	(11.6)
Non-cash	(6.2)	(5.4)
EBITDA (cash)	61.0	108.9
Borrowing costs	(19.9)	(18.3)
Income tax paid	(2.6)	(3.7)
Net movement in working capital	4.8	(3.2)
Cash flow (from operating activities)	43.3	83.7
Cash flow applied to investing activities	(40.2)	(84.6)
Free cash flow (before financing activities)	3.1	(0.9)

- Lower cash significant items due to accruals in relation to redundancies and legal
- Borrowing costs – refinancing & higher average debt levels
- Working capital improvement on lower paper stocks

Balance Sheet

\$m	June 2009	Dec 2008	June 2008
Receivables	140.5	148.0	142.4
Inventories	88.4	127.4	95.8
Property, plant & equipment	358.5	382.6	403.0
Intangibles	118.3	123.1	97.8
Deferred tax assets	80.2	71.2	71.6
Other assets	18.5	28.9	24.8
Net bank debt	(208.4)	(248.1)	(199.6)
Other liabilities	(244.3)	(256.2)	(240.6)
Net assets	351.7	376.9	395.2

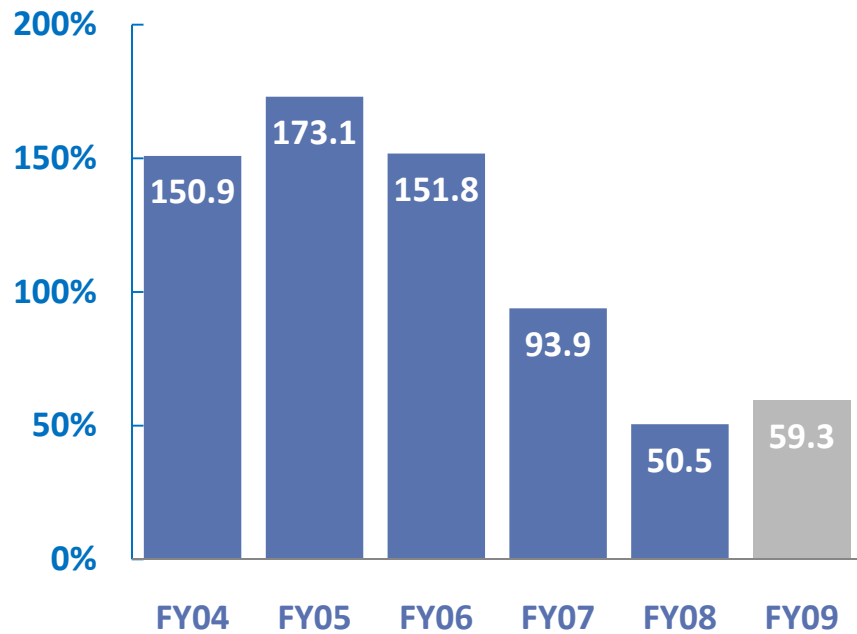
- Inventory build-up in paper stocks reduced in 2H09
- Intangibles up due to the Scribo Group acquisition in September 2008
- Net debt up \$8.8m due to combination of restructuring and funding for the Scribo Group acquisition
- Deferred tax assets increase due to tax loss



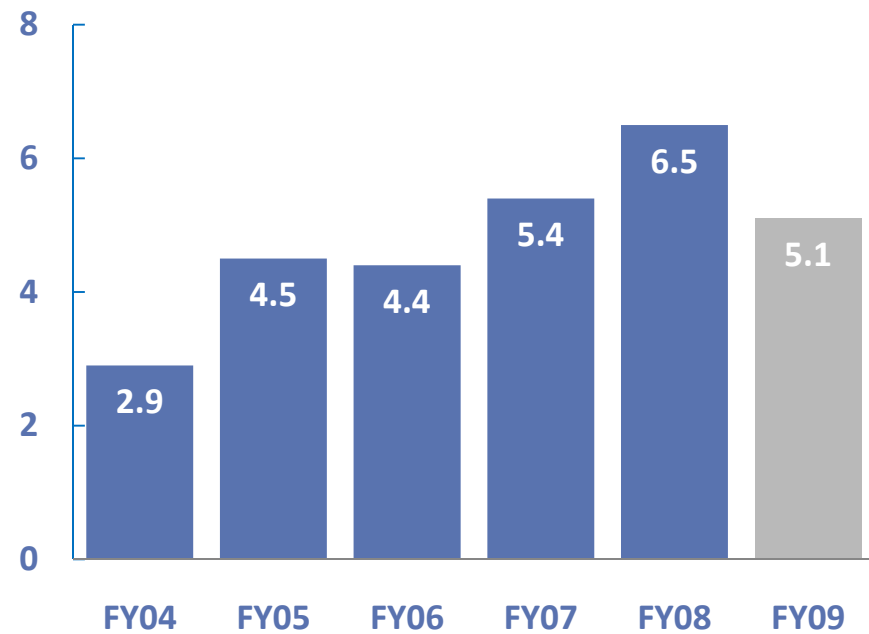
Current Debt Facilities

- **Total facility size = \$299m**
- **Amount drawn at 30 June 2009 = \$241m**
- **\$225m syndicated facility matures May 2012** (ANZ, CBA, Rabo & Toronto Dominion)
Next amortisation of \$20m due June 2010, \$25m due June 2011
- **\$73.6m 364 day facility matures May 2010** (ANZ, CBA & TD)
To reduce to \$43m at January 2010
- **Average interest rate hedge at 30 June 2009 – 5.89%**
- **Average level of debt hedged in FY09 – 70.5%**

Debt to Equity Ratio



Interest Cover





OPERATIONAL REVIEW

Richard Allely, CEO

RE-ENERGISING

Operational changes completed

PRINT

- 190 redundancies
- Presses closed in Queensland and South Australia
- Equipment optimisation at Clayton, Victoria
- Procurement Savings
- Consolidation of NSW and Victorian office space

CORPORATE

- 11 senior management redundancies
- Salary freeze for non-EBA staff
- Zero STI's for senior management

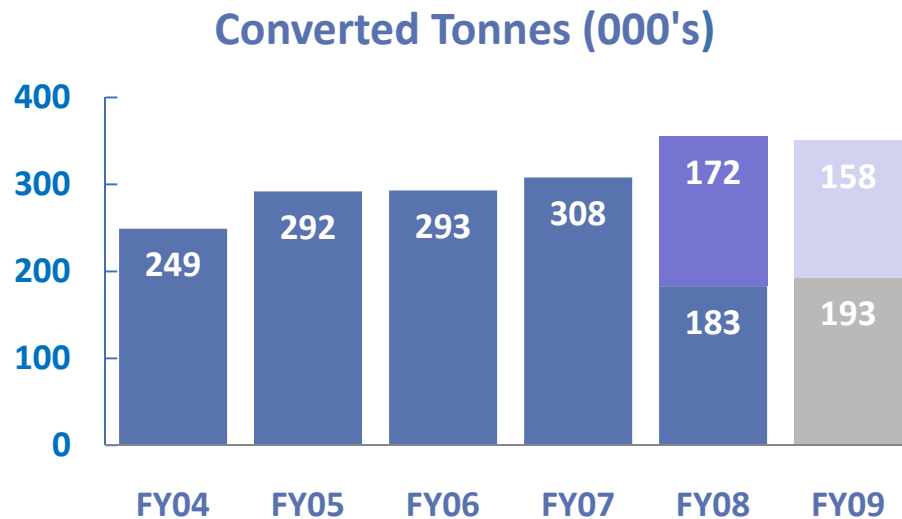
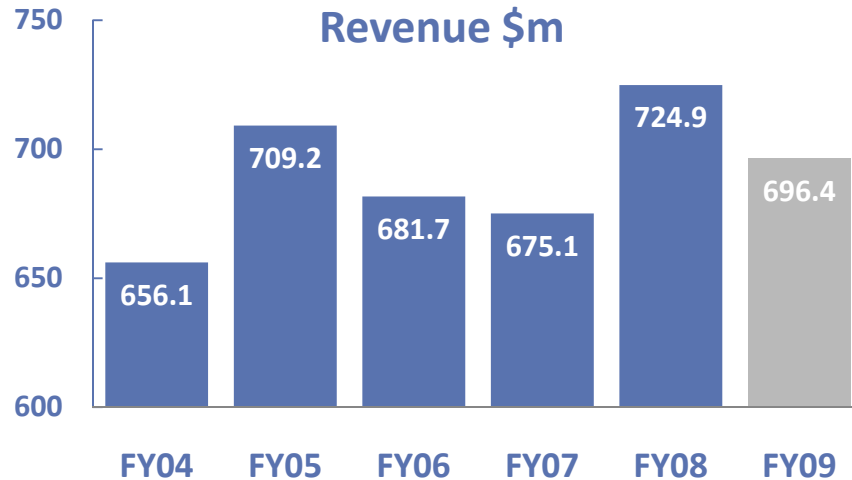
OTHER

- PMP New Zealand – 68 redundancies
- Gordon and Gotch and Scribo – 60 redundancies
- Further 33 redundancies in group



PMP PRINT

RE-ENERGISING



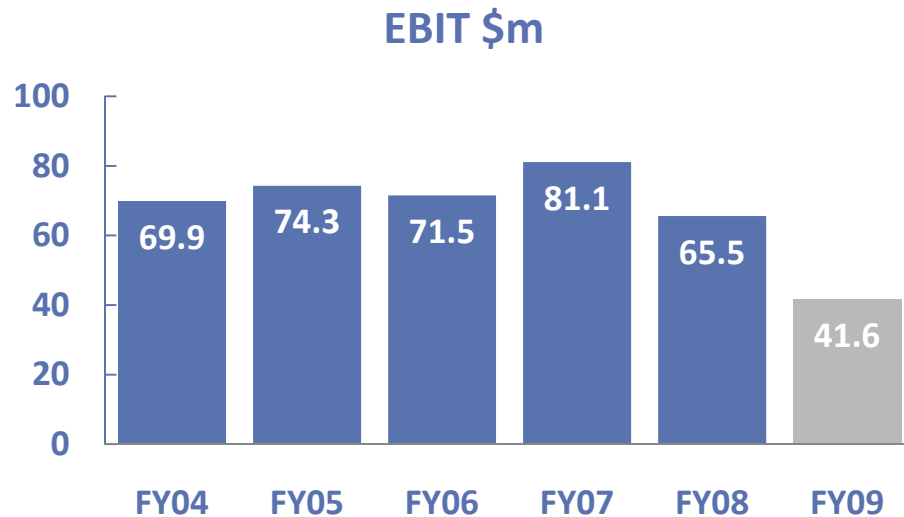
Revenue down 3.9% to \$696.4m

Revenue decreases driven by:

- Heatset volumes down 2.2% FY09 and 10.2% 2H09
 - Magazine segment down 6.5% FY09 and 12.2% 2H09
 - Retail catalogues down 0.5% FY09 and 9.4% 2H09 mostly due to market share loss
- Lower prices from long-term/ large volume retail contracts
- Continued poor NZ economy impacting volumes and price

Offset by:

- Increased directories volumes up 2.7% FY09
- Increased book volumes up 14.9% FY09 (Stephenie Myer novels)



EBIT down 36.5% to \$41.6m due to:

- Lower retail and publishing volumes
- Lower average selling prices
- Higher freight costs
fuel excise, could not be passed on to customers
- Labour cost increases
both rate (EBA) and overtime
- Increased storage costs
(high stock levels) impacting volumes

Offset by:

- Lower labour costs from lower print volume and redundancy in 2H09



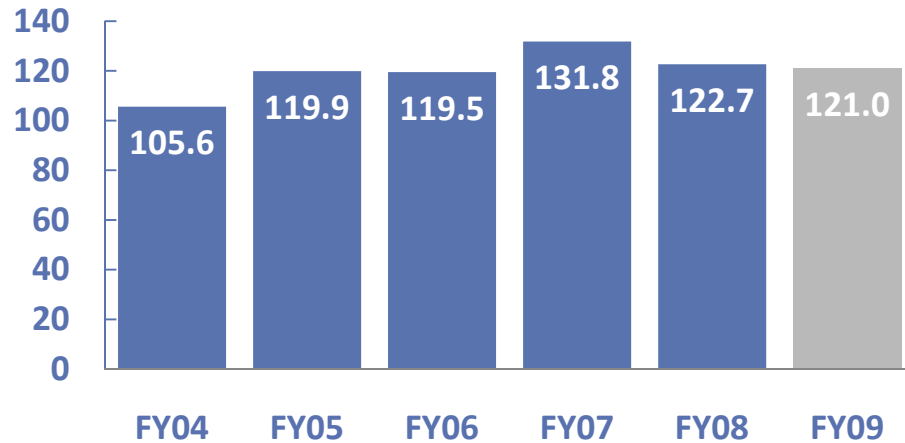
PMP DISTRIBUTION

RE-ENERGISING



PMP Distribution

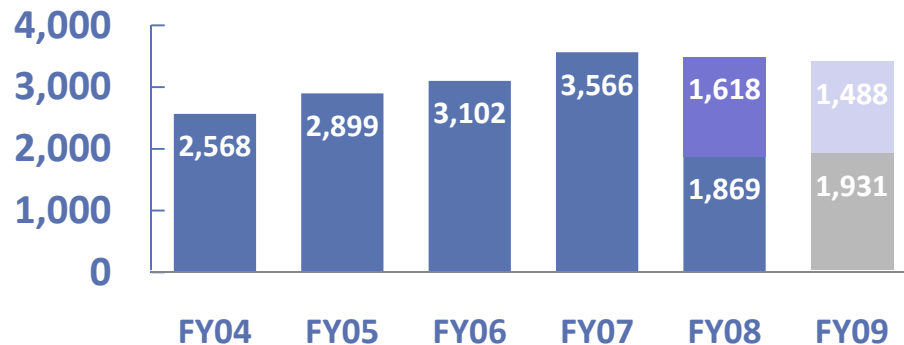
Revenue \$m

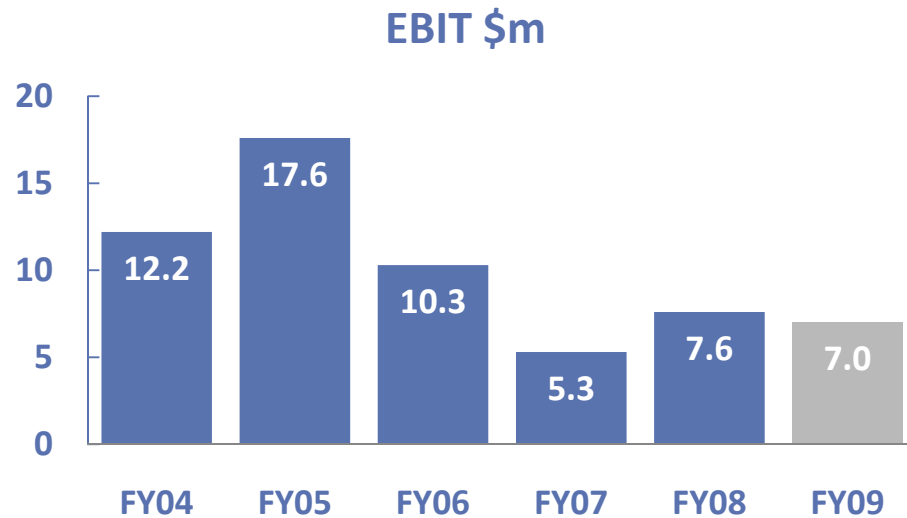


Revenue down 1.4% to \$121m due to:

- Volume decrease from lost business (eg Coles food) and reduced customer volume. down 1.9% FY09 and 8.0% 2H09
- Price decline YOY
- Reputational damage

Distribution Units Delivered - Total (millions)





EBIT down 8.3% to \$7m due to:

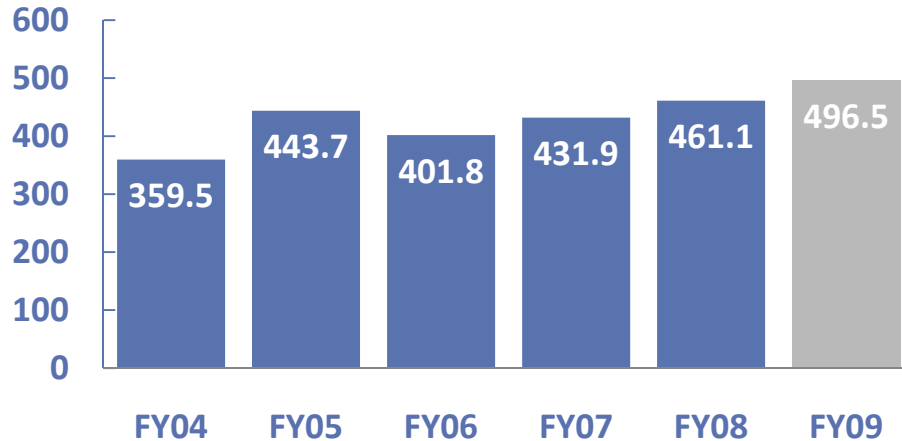
- Loss of Coles work in 2H09
- Reduction in general business overheads
- Review of business model – impairment of GPS units
- On-line catalogue site – whats4sale.com.au



GORDON AND GOTCH

RE-ENERGISING

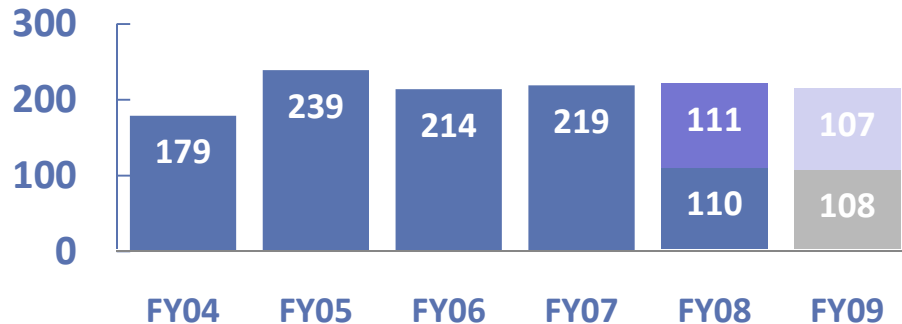
Revenue \$m

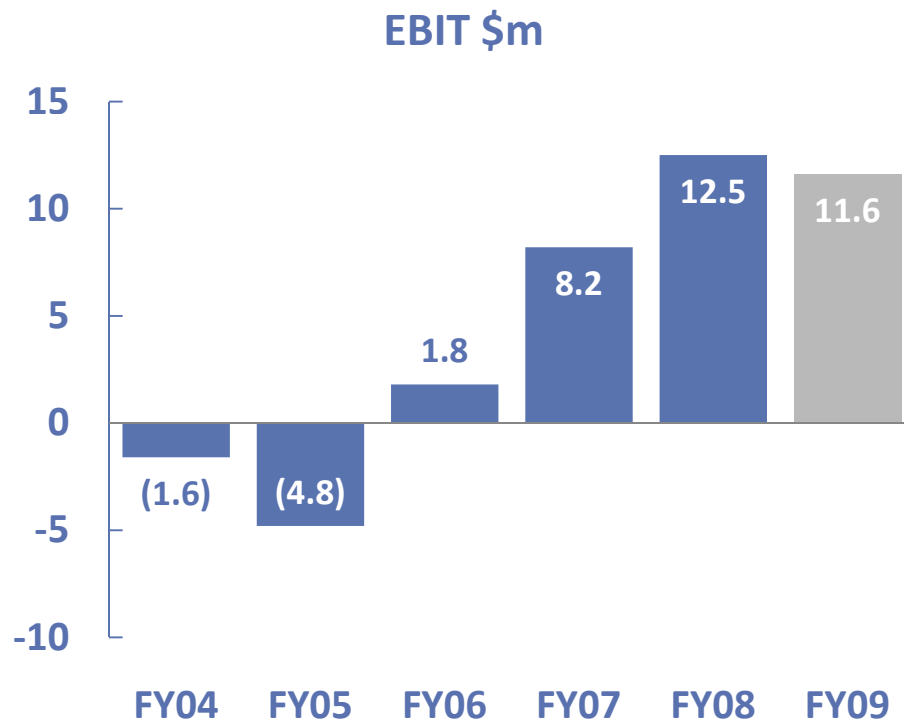


Revenue up 7.7% to \$496.5m due to:

- Scribo Group acquisition
- Volume decreases – 2.5% FY09 and 3.4% 2H09. FY09 reflecting retail conditions and subsequent reduction in print runs by publishers
- Impacted by weaker retail environment 3.7% decline in magazine unit sales in year to Dec 08 (Source: Audit Bureau of Circulation Market Update Dec 08)
- Partworks business slowing
- Some growth in new titles launched/expanded circulation (e.g. Way2Go, Recipes+)

Gordon and Gotch Distribution Units Delivered - Total (millions)





EBIT down 6.6% to \$11.6m due to:

- Lower gross profit from Gordon and Gotch

Offset by:

- Scribo acquisition
- Reduction in general overheads

THE SCRIBO GROUP

- Logical and natural **extension for Gordon and Gotch into book distribution**

- **Integration is complete** as planned:
 - Partial warehouse consolidation to be completed August 2009
 - Roll-out of a single ERP system across all sites to be completed February 2010
 - Benefits to flow from FY10 through sales team and operational restructuring and centralisation of back office functions

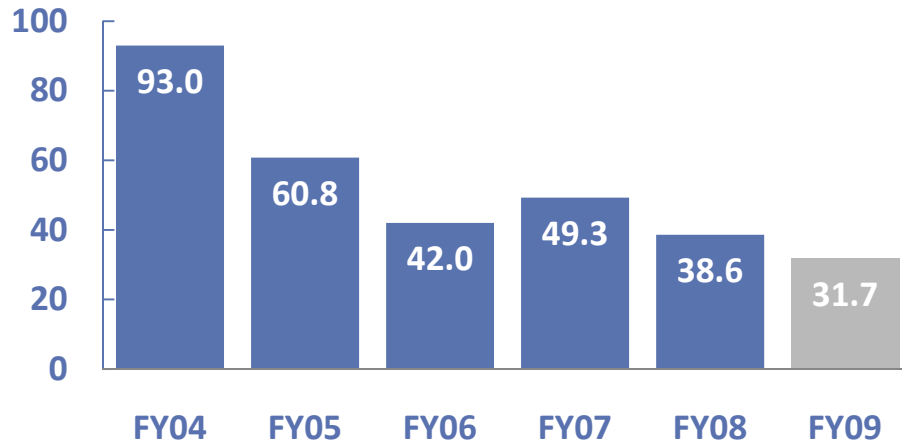
- **Retail currently very challenging** – benefits through best sellers:
 - 4 Ingredients and Underbelly



PMP DIGITAL PREMEDIA

RE-ENERGISING

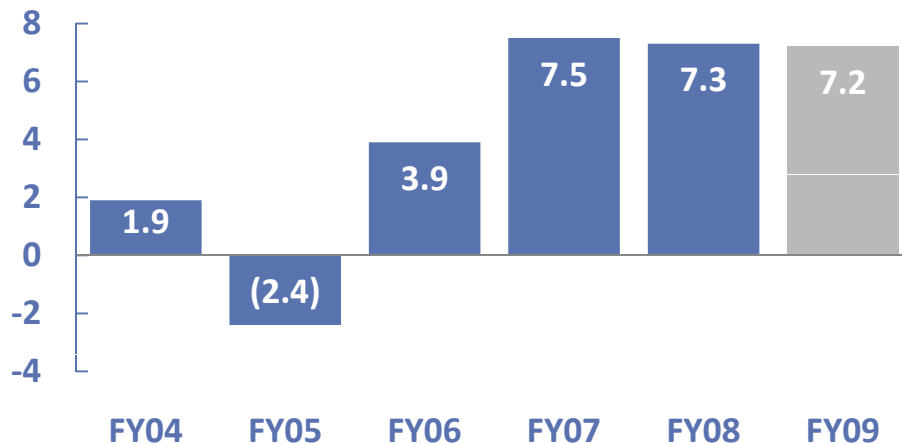
Revenue \$m



Revenue down 18.0% to \$31.7m due to:

- New business to supplement loss of major contract (Sensis)
- No growth in photographic service
- Reduced activity from large customers

EBIT \$m



EBIT down 2.1% to \$7.2m due to:

- Lower margins on different mix of work
- Offset by cost saving initiatives



BUSINESS FOCUS

Richard Allely, CEO

RE-ENERGISING



Business Focus – Next Phase

Focus on three strategic levers:

■ Focus on the Core

- Printing and distribution, across key product lines

■ Return to Customer Centricity

- Focus on the customer
- Align go-to-market approach with customer needs
- Define client engagement model:
 - National sales approach to service national customers and accounts
 - Regional sales teams for local customers and accounts
 - Co-ordinate across business units to serve end-to-end customer needs

■ Adopt a Low Cost Operating Model

- Eliminate excess capacity
- Explore options in operational configuration to eliminate complexity
- Establish (mostly) specialist facilities
- Reduce costs in support and overhead functions



Business Focus – Opportunities

Capitalise on short-term opportunities:

- Lower print cost base
- Strong PMP business model
- Cross selling
 - Gordon and Gotch/Griffin Books
- Multi-channel Marketing
 - PMM/Dimension Studios
- Expand digital asset management offer
- Improved AUD provides opportunity



Business Focus – FY 2010

Maintaining strategic focus to deliver value:

- **Improve customer relationships**
- **Improve employee engagement**
- **Reduce business overheads**
- **Further debt reduction**
- **Significant items to offset savings**
- **Minimal capex to maintenance only**



QUESTIONS & ANSWERS

RE-ENERGISING



RE-ENERGISING