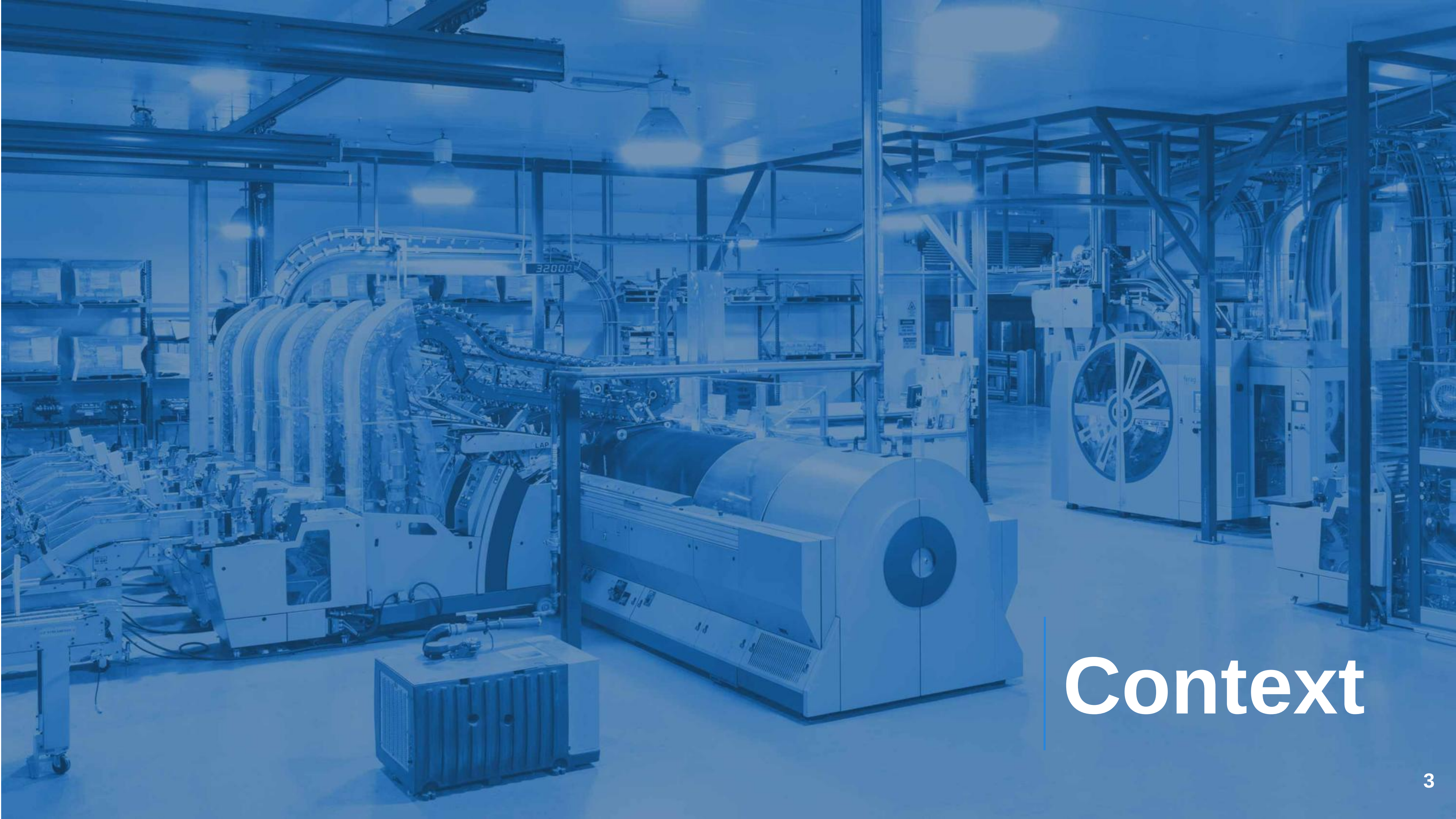
PMP Investor Briefing
Peter George CEO

Friday 2 June 2017

Agenda

- Context
- New merged entity
- Synergy program
- PMP competitiveness
- Key priorities & next steps
- Q&A



Context

PMP has industry leading scale and capability

PMP GROUP

c.$1.2billion
p.a. revenues^

PRINT AU	DISTRIBUTION AU	DIGITAL AU	GORDON & GOTCH AU	NEW ZEALAND
$460 million	$80 million	$40 million	$430 million	$180 million

PMP LIMITED | IPMG

^Annualised sales revenue breakdown based on post merger completion run rate

Background:

- PMP is now the pre-eminent print media and marketing services company in Australasia with revenues over $1.2bn and services across print, digital, catalogue and magazine distribution
- Market revenue positions: Australian heatset print - No. 1, Gordon & Gotch - No. 1, Australian Distribution - No. 2
- NZ sales include Gordon & Gotch $77m, $63m heatset, sheetfed $23m and $15m distribution. No. 1 market position in heatset print market
- Only integrated printer & distributor of catalogues and magazines to households and/or retail outlets

Strengthened PMP : integration well advanced

- IPMG and PMP merged on 01/03/17

- PMP board now includes Michael Hannan & Stephen Anstice

- New organisation structure in Australia, split into Print and Digital & Distribution:
  - ❑ Print Australia CEO (Adrian O'Connor)
  - ❑ Digital & Distribution CEO (Kevin Slaven)

- Much of the operational thinking done pre-completion

- New manufacturing footprint in place at start of May

- Debt funding only for short term requirements. Conservative balance sheet – no long term structural debt^

^ does not include property operating leases

Trading update FY17

- Weak PMP first half – lower print sales revenue
  - ❑ Lower than expected customer churn - as they were aware of consolidation approaching
- Market conditions remain very tough:
  - ❑ Retailers controlling costs – pagination/format changes
  - ❑ Publishers paginations/print runs under pressure
- Following delays in union consultations and retail sector weakness, FY17 EBITDA to be $31M - $34M^, net debt June 17 circa $45m^
- Winning new print business
- Retained/expect to re-sign key customers circa $130m pa sales by end of June
- Implemented $40m annualised cost savings by June 2017 – within 4 months of merger

^Subject to market conditions (previous FY17 guidance was $36m - $41m EBITDA pre sigs)

The new PMP metrics : targets affirmed FY18-FY19

- New guidance for fiscal 2018, EBITDA (pre sigs) $70m - $75m^
- Guidance reaffirmed for fiscal 2019 EBITDA (pre sigs) $90m - $100m^
- Borrowing while transformation underway, net debt to peak pre December 2017 circa $75m, then reduces as cost savings come through, net debt free fiscal 2019
- Net debt/EBITDA peaks in H1 of FY18 at 1.5x for 3 months^^
- Strong free cashflows, capex remains low ($5m - $10m) - foreseeable future
- Capital management to recommence in fiscal 2018:
  - ❑ $60m franking credits
- No cash tax paid in Australia for 4-5 years

^ Subject to contract renewals and market conditions

^^ based on historical rolling 12 months statutory EBITDA (pre sigs)

Key messages

- Australian heatset printing industry has consolidated 5 to 2 = improved more efficient industry structure

- PMP integration and cost savings program well underway and on track, cost synergies affirmed – with upgraded payback

- Following the merger, PMP has significant scale and capability enabling capacity management and improved fleet utilisation - increased cost competitiveness

- Following delays in union consultations and retail sector weakness, FY17 EBITDA to be $31M - $34M^, net debt June 17 circa $45m^

- Financial targets FY18-FY19 affirmed:
  - ❑ Fiscal 2018 EBITDA (pre sigs) $70m - $75m^^, fiscal 19 EBITDA (pre sigs) $90m- $100m^^
  - ❑ Net debt free again post transformation in fiscal 2019
  - ❑ Low capex/strong free cash flow for the foreseeable future
  - ❑ Capital management to recommence in fiscal 2018^^ - $60m franking credits

^ Subject to market conditions (previous FY17 guidance was $36m - $41m EBITDA pre sigs)

^^Subject to contract renewals and market conditions

Key messages (2)

- Effectively the heavy lifting of the merger has been completed in less than 4 months. The most difficult tasks have been finalised, those tasks have been completed quietly and with a high level of efficiency
- The period of risk of disruption is behind us
- Work continues with equipment relocations but that work is happening in the seasonally quieter months of June & July
- Well poised to take full advantage of opportunities from seasonal uplift from August onwards
- The depth of talent and the experience from the IPMG and PMP management teams has allowed this work to be undertaken in a very short timeframe. This merger has been a huge undertaking unrivalled in the Australian printing industry

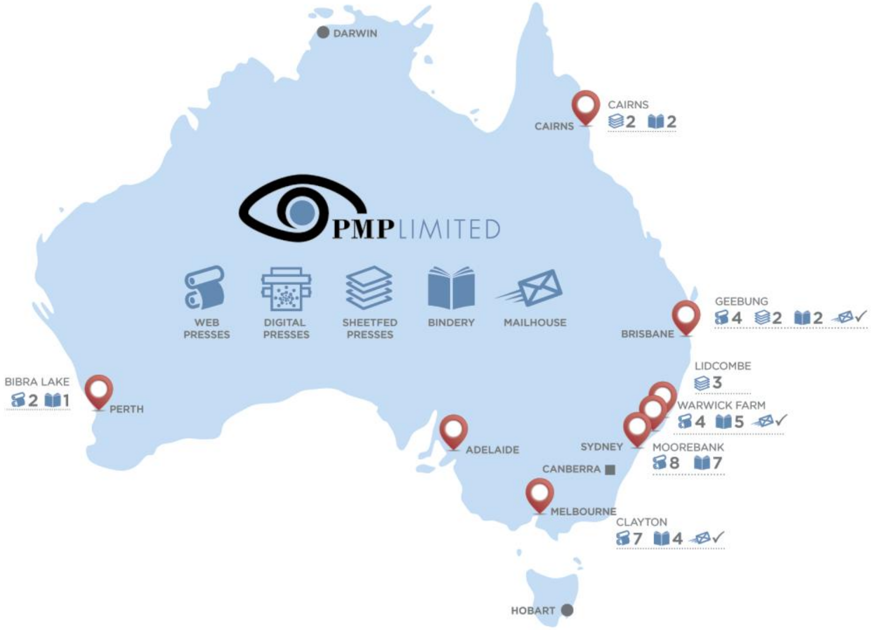
Merged entity

Australian heatset print market

- After the recent mergers print industry now has 2 major players
- PMP has the strongest market position
- Catalogues particularly relevant to the retail, lifestyle, entertainment, travel and tourism sectors
- Catalogues are a critical part of the retail advertising mix

PMP Print strengths

- Vertically integrated: pre-media, print & distribution
- No. 1 market position with 55%-60% market share and $430m heatset sales^
- PMP focuses on medium to long run heatset printing and also has short run capability (web & sheetfed)
- After cost out, new national footprint :
  - ❑ Warwick Farm, Moorebank & Lidcombe in NSW
  - ❑ Clayton in VIC
  - ❑ Geebung in QLD
  - ❑ Bibra Lake in WA
- Oldest & least efficient equipment retired
- Capacity post merger delivers broadest range of print formats to satisfy customer needs



^Based on internal market estimates

Customers first – unrivalled capability

- Increased customer focus
- Over 100 sales and customer service professionals on the ground, ensuring our clients have exceptional 24/7 support
- Time to market is critical. We deliver direct to customers from locations across Australia/New Zealand plus can save on freight by producing their work in their own state and by co-locating print & distribution to achieve further efficiency
- Trusted partner, not a competitor, to print managers and brokers
- Breadth of services is unrivalled

Our key print customers

- We have the strongest tier 1 print customer base in the industry, including:

CATALOGUES	MAGAZINES	COMMUNITY NEWSPAPERS
WOOLWORTHS	BAUER	FAIRFAX/ELEPHANT GROUP
HARVEY NORMAN	PACIFIC MAGAZINES	NEWS LOCAL
BUNNINGS	NEWS LIFE MEDIA	LEADER NEWSPAPERS
OFFICEWORKS		
ALDI		
METCASH		
MYER		
DAVID JONES		
IKEA		

Distribution – potential for improvement

- Revenue of $80m
- Delivering more than 2.1bn catalogues and 150m newspapers p.a.
- Market share of circa 35% - the recent merger with IPMG provides real opportunity to leverage bundled print & distribution offer into tier 2-3 retailers
- National network coverage for letterbox delivery – 560 distributors and 12,000 walkers
- Customers include:
  - ❑ Target/Kmart/Bunnings
  - ❑ IKEA
  - ❑ Harvey Norman
  - ❑ JB Hi-Fi
  - ❑ Fairfax & News Limited

Digital – integrated offer adds customer value

- Award-winning portfolio of businesses:
  - ❑ Sales circa $40m
  - ❑ 200 staff

- Services include:
  - ❑ Creative design
  - ❑ Marketing automation
  - ❑ Photography
  - ❑ Videography
  - ❑ Point of sale
  - ❑ PR, content, social

- International experience including Lion Nathan, Singapore Airlines, Intel, Unilever and others

PMP NZ – market leader in print and distribution

- Revenue A$180m – only printer with heatset and sheetfed capability in both North & South Islands
- Heatset print customers include:
  - ❑ Progressive (Woolworths)
  - ❑ Foodstuffs
  - ❑ APN/NZME
  - ❑ Farmers
  - ❑ Sky
- Distribution:
  - ❑ 50% unaddressed market share, increased focus on tier 2-3 bundled offers
  - ❑ Customers include Foodstuffs, Noel Leeming, Warehouse Stationery
- GGNZ:
  - ❑ Sole NZ magazine distributor, sales up 230% after new Bauer contract
- Sheetfed & Digital 15% - 20% market share:
  - ❑ Focus on publishing, real estate and corporate sectors

Gordon & Gotch Australia – market leader

- Revenue circa $430m, GP circa $60m
- No. 1 market position in magazine distribution. Customers include:
  - ❑ Bauer Media
  - ❑ Pacific Magazines
  - ❑ Seymour International
  - ❑ NewsLifeMedia
  - ❑ COMAG
  - ❑ Next Media
- Recent renewal of major contracts with improved terms
- Decline in volumes for magazines to be offset by:
  - ❑ Operational savings in network (primarily freight)
  - ❑ Broadening of product offering to newsagents and P&C
- Negative working capital circa $20m

Update on synergy program

Synergy program – payback upgraded

- Feb 17 plan was to spend $80m for annualised savings of $55m
- Latest view post closure of 3 sites is to spend circa $75m for net savings at $55m, better payback than plan
- Majority of direct wages cost out achieved
- Reduction in indirect costs including procurement, paper, ink, freight, plates well underway
- $40m annualised cost savings actioned by June 2017

$m	PLAN Feb - 17	UPDATE Jun - 17
Annualised Savings	55	55
One off cash costs	80	75
Payback - years	1.5	1.4

Cost out - execution on track & well underway

- Changes to print footprint:
  - ❑ IPMG Melbourne closed 100 FTEs out
  - ❑ PMP QLD site closed at Wacol 76 FTEs
  - ❑ IPMG Sydney Lidcombe site - heatset closed 120 FTEs
  - ❑ 25 FTEs in March, further circa 40 in May – June
  - ❑ Decommissioning less efficient and oldest presses – better able to match jobs to presses

- Cash cost out spend in H2 circa $45m^, payback better than targets

- Transformation on track circa 350 FTEs out by June 17

- PMP heatset capacity optimised post merger – 25% reduction

^ cash costs exclude onerous lease provisions on closed sites circa $25m. In addition surplus plant & equipment will be written off (non cash)

PMP’s competitiveness

PMP Print capability

- PMP delivers on-time and in full with superior press fleet in size, age, footprint and capability - matched to the customer requirements
- We boast 16, 24, 32, 48, 64, 80pp and ANZ's only 96pp presses plus high speed finishing and binding equipment – in multiple sites, providing essential flexibility to our customers
- Capability extends from heatset web offset to sheetfed, digital and ink jet printing - matching our process to customer needs
- Our capacity is 50% more than that of others in the sector – we can cope with peak seasonal demand
- Low capex - foreseeable future
- Best equipment retained – there are no significant gaps in formats we can offer efficiently to retailers & publishers

Web press comparison

	16pp	24pp	32pp	48pp	64pp	80pp	96pp	TOTAL PAGINATION CAPACITY
No. 1 Player – PMP	4	2	3	5	4	2	2	1,056
No. 2 Player	7		4		2	4		688

- The merger has enabled PMP to upgrade its press fleet without capex. PMP now boasts the widest web presses in the industry
- The variety of PMP presses ideally services increasing market demand for more versioning of printed products
- Has the biggest and best machines available, the 96pp prints 9.0 tonnes per hour while an 80pp prints 6.5 tonnes per hour
- There have been no meaningful changes or enhancements in large press productivity or quality since PMP/IPMG made their purchases in 2012

Source: Management estimates
Note: Includes new presses yet to be commissioned by No2 player in Sydney (1x 80pp, 1x 16pp):

Benefits of larger press fleet

- Better press efficiency and throughput
- Gives customers greater flexibility for scheduling
- Can run work on presses optimised to suit the job:
  - ❑ Can manufacture smaller paginations in multiples off single presses :
    - ➢ e.g. a 16 page catalogue can be run 4 up on 64 page press – better productivity and speed to market. Likewise, on 24pp job can be run 4 up on our 96pp presses in Sydney and Melbourne
- Meet peak seasonal demand

What are the key print costs?

- Increased scale results in lower input costs (paper, ink/blankets etc)
- Unionised workforce is not a competitive disadvantage for productivity
- PMP overall print operating costs are lower than market
- Print productivity is industry best

Key priorities & next steps

Print sell price sensitivity

- In the 5 years from 2012 excess capacity has adversely impacted print sell prices and in some cases the industry was not making economic returns on capital – prices have fallen circa $500/t
- Following the merger, our excess capacity has reduced, least efficient, oldest equipment retired – reduction in the average age of remaining fleet
- The new market structure should see more alignment between supply and demand over the medium term thus ensuring more stable pricing and improved economic returns on capital invested
- Every increase/decrease $100 per tonne in sell prices = circa $40m change to profitability of the industry – assuming Australian heatset volumes at circa 400,000 tonnes p.a.

Priorities & next steps

- Continue to focus on maintaining excellent customer service

- Complete synergy program and continue to align the business to market

- Fiscal 2018 EBITDA (pre sigs) guidance $70m - $75m^

- Fiscal 2019 target remains at EBITDA (pre sigs) $90m – $100m^

- Fiscal 2019 ROFE^^ will be much higher :
    - 20% - 25% target in fiscal 2019

- Strong and sustainable business model for print & distribution

^Subject to market conditions & contract renewals ^^EBIT (pre sigs)/average funds employed

PMP LIMITED | IPMG

Individually Strong. Together Unbeatable

PMP PRINT
HANNANPRINT
INPRINT
BOLTON PRINT
INPACK PACKAGING SOLUTIONS
offset alpine printing
PMP DISTRIBUTION
Griffin Press
GGA DIGITAL DELIVERING DIGITAL SOLUTIONS
SBM
Gordon and Gotch A PMP GROUP COMPANY
PMP DIGITAL
traction DIGITAL CROSS CHANNEL MARKETING
höl'ər
PEP CENTRAL
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