PMP LIMITED
ACN 050 148 644

TARGET CREATE PRINT DELIVER

30 October 2018

ASX Announcement

Trading Update, FY19 Guidance and Medium Term Financial Performance

Trading Update

When providing its FY18 results on 30 August 2018, PMP indicated that trading for the first quarter of FY19 was in line with expectations and having now completed the first quarter of FY19 we provide the following trading update:

- FY19 Q1 Trading
  - Q1 Australian Print & Distribution volumes and sales revenue were slightly ahead of expectation.
  - Q1 Sales Price Per Tonne ("SPPT") in Print Australia has been higher than expectations on recent contract renewals.
  - A major retailer has recently re-signed for a further 3-year print contract.

FY19 Guidance

- With better visibility of our expected trading performance in the peak period leading up to Christmas, PMP is now in a position to provide guidance for FY19. EBITDA (pre-significant items) this year is expected to be in the range $37 million - $40 million, based on the following key assumptions:
  - Retail and publishing print and distribution volumes remain in line with current expectations,
  - SPPT remains stable.
  - Expected cost efficiencies relating to the retirement of older inefficient equipment are achieved in advance of the installation of the new 80 page press.
- Q2 Australian Print loadings and Tier 1 catalogue volumes are in line with expectations.
- New Zealand FY19 EBITDA is expected to be lower than last year due to a recent customer loss and lower than expected SPPT based on competitive market pressures.
- June 2019 net debt is expected to be in the range $40 million - $45 million.
  - Net debt is expected to increase from $33 million in FY18 due to timing of new press payments and resulting rationalisation costs in second half of FY19.
  - Total capex for FY19 is expected to be $15 million: $12 million to be spent on the new press and finishing equipment to be installed in FY20 and $3 million maintenance capex.

Medium Term Performance

PMP has a clear vision and cohesive strategy around its full-service capability of delivering print, distribution and value adding marketing services focussed on high volume customers, catalogues and cost competitiveness in further developing a competitive, sustainable and profitable business

Over the medium term:

- PMP Print Australia's heat set print pricing to stabilise at around current levels with some modest increases in SPPT as evidenced by recent contract renewals.
- PMP's catalogue print and distribution volumes forecast to continue to be reflective of the industry and to reduce by 2% to 3% p.a. and the rate of decline in publishing volume to stabilise with reductions of 5% - 10% p.a.
- PMP EBITDA (pre-significant items) to progressively increase each year from the FY19 guidance range level with the roll-out of key strategic initiatives identified to further reduce the operational infrastructure costs of the manufacturing footprint – with a target for EBITDA margin increasing from the current 5.5% to above 7.5% by the end of FY21.
- Additional PMP revenue and EBITDA to be achieved from growth in custom magazine publishing and higher margin pre-media and marketing services. These are included in the volume and EBITDA margin assumptions above.
- Disciplined capital allocation by PMP with maintenance capex to remain at c$5-8 million p.a.
- PMP's significant items to be a declining feature of the PMP financial results and to stabilise at c$5-10 million p.a.

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