PMP LIMITED
ABN 39 050 148 644

Results for the
6 months ended 31 December 2014

26th February 2015

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INVESTOR PRESENTATION

Contents

A more sustainable, profitable and cash generating PMP is emerging:

- First half net profit $4.3M (up from $0.8M last year)
- EBITDA* and EBIT** in line with AGM guidance
- PMP New Zealand performed well - EBIT up 17.0% pcp
- Griffin Press revenues up 26%
- Secured new print and distribution contracts starting Q4:
  - annualised sales circa $20M
- Net Debt at $40.0M, a new low

* Earnings before Finance costs, Income tax, Depreciation and Amortisation and Significant items

** Earnings before Finance costs, Income tax and Significant items

2015 HALF YEAR RESULTS : SOLID FIRST HALF PERFORMANCE

- EBITDA* at $31.4M
  - Revenue lower 7.7%
    - Sales in core Heatset & Distribution sectors down 5.6%
    - Griffin Press revenue up 26% pcp

- EBIT** at $15.7M
  - Down 4.8% pcp
  - Strong performance from New Zealand
  - Normalised EBIT was $17.1M v $17.0M pcp
  - Consistent with market guidance

- Continuous improvement of Australian business
  - Additional headcount reductions
  - Significant items $4.5M v $9.4M pcp

- Net Debt at $40.0M
  - Cashflow from operations $14.4M up $0.8M pcp
  - Cash Interest paid $3.0M lower
  - Net Debt of $40.0M v $81.3M pcp
  - Free cashflow of $14.1M v $14.7M pcp

- Gearing level
  - Net Debt to EBITDA at 0.7x v 1.2x pcp
  - Interest Cover 6.4x v 5.1x pcp

- Net Profit
  - NPAT $4.3M compared to $0.8M pcp
  - NPAT pre significant items up $0.1M pcp
  - Significant items (after tax) lower by $3.4M

* Earnings before Finance costs, Income tax, Depreciation and Amortisation and Significant items

** Earnings before Finance costs, Income tax and Significant items

- PMP New Zealand performed well:
  - Heatset volumes + 2%
  - Sheetfed revenues + 6%
  - Further cost savings (Sheetfed integration to Enterprise Park)

- Griffin Press performed strongly:
  - Revenues up 26% pcp:
  - Won new contracts
  - New digital press commissioned

- PMP Australia impacted by subdued retail markets:
  - Catalogue sell price stabilised in H1
  - Catalogue volumes 6% lower – 5% was due to decision not to re-sign negative and low margin contracts
  - Distribution volumes down 8% :
    - 4% due to insolvent customer
    - 3% reduced frequency from an existing customer

2015 HALF YEAR RESULTS : Stage 1 and 2 Transformation completed

➢ **In 3 years we have dramatically reshaped the business with a lower cost base and less financial risk.**

		$M		
June 2012 net debt		**-143**		**-143**
transformation	-53			
exit Chullora/Digital sites	-22			
new manroland press	-22	-97		-97
property sale/leaseback	83			
sale of PMM	6			
asset sales	6	95		95
Net trading cashflows (EBITDA, working capital interest, BAU capex)		128		123
Expected net debt June 15		**-17**	**to**	**-22**

- **streamlined structure :**
  - core focus print/distribution
  - bundled sales now 7 of Top 15
  - lower headcount by 1000 FTEs
- **improved full year cash conversion**
- **lengthened debt maturity profile :**
  - $50M 4 year unsecured bond
- **major reduction in debt :**
  - Net Debt/EBITDA from 1.9x in June 2012 to 0.7x

- **Third strategic priority continues to be building a more profitable and sustainable PMP by focussing on our competitive strengths :**

  - core expertise in print and distribution
  - nationwide bundled print and distribution solutions
  - co-location of print and distribution sites
  - realigned customer focussed functional workforce
  - diversified model (geographically and business portfolio) with strong market shares in complimentary markets
  - assisting retailers to target catalogues :
    - specific geographic/demographic audiences

$M	1H FY15	1H FY14	%
Sales Revenue	**427.3**	463.0	(7.7%)
EBITDA (before significant items)	**31.4**	33.7	(6.7%)
Depreciation & Amortisation	**(15.8)**	(17.2)	8.5%
EBIT (before significant items)	**15.7**	16.5	(4.8%)
Net Profit After Tax (before significant items)	**7.5**	7.4	1.2%
Significant items post tax	**(3.1)**	(6.6)	52.3%
Net Profit (after significant items)	**4.3**	0.8	

Key Metrics	1H FY15	1H FY14	%
Cash Flow from Operating activities ($m)	**14.4**	13.7	5.6%
Free Cash Flow ($m) *	**14.1**	14.7	(4.2%)
Net Debt ($m) **	**(40.0)**	(81.3)	50.8%
EBITDA to Sales Revenue (%)	**7.4%**	**7.3%**	
EPS (before significant items) ***	**2.3**	2.3	

* Equals EBITDA (before Significant items) less Interest paid, Income tax, Capital expenditure and movement in Working capital

** Net Debt at 30/06/2014 was $51.7M

*** EPS equals Net Profit after tax (before Significant items)/ Weighted average number of Shares

$M	1H FY15	1H FY14	%
Statutory Profit	**4.3**	0.8	
Income tax expense	**(2.0)**	(0.3)	
Statutory Profit before Income tax	**6.3**	1.1	
Significant Items (pre tax)	**4.5**	9.4	
Profit before significant items	**10.8**	10.5	2.7%
Finance costs	**4.9**	6.0	
EBIT (before significant items)	**15.7**	16.5	(4.8%)
Depreciation & Amortisation	**15.8**	17.2	
EBITDA (before significant items)	**31.4**	33.7	(6.7%)

$M	Pre-Tax
Redundancies	2.1
Onerous Lease Contracts*	1.7
Restructure Initiatives and Other Costs	0.2
Net Cash Significant Items**	**4.0**
Non-Cash Significant Items - Impairment of Plant and Equipment	**0.5**
Total Significant items	**4.5**

* Final provision required for exit of Chullora site

** $4.0M booked in H1 with $1.7M to be paid in 2H FY15

2015 HALF YEAR RESULTS : CASH FLOW

$M	1H FY15	1H FY14	Var $
EBITDA (Before significant items)	**31.4**	**33.7**	(2.2)
Borrowing costs	(4.4)	(7.4)	3.0
Income tax refunds/ (paid)	0.0	0.0	0.0
Net movement in working capital	(10.3)	(8.1)	(2.2)
Trading Cash flow	**16.7**	**18.2**	**(1.5)**
Significant items	(2.3)	(4.6)	2.3
Cash Flow from Operations (Appendix 4D)	**14.4**	**13.7**	**0.8**
Asset sales	0.0	0.8	(0.8)
Capital Expenditure	(2.7)	(3.5)	0.9
Net Cash Flow	**11.8**	**10.9**	**0.8**
Loss on translation of NZ Debt	(0.1)	(3.1)	3.1
Reconciliation to Net Debt movement	11.7	7.8	3.9
Free Cash Flow *	**14.1**	**14.7**	**(0.6)**

* Equals EBITDA (before Significant items) less Interest paid, Income tax, Capital expenditure and movement in Working capital

2015 HALF YEAR RESULTS : BALANCE SHEET METRICS

	1H FY15	1H FY14
Total Assets ($m)	494.8	528.2
Shareholders Funds ($m)	**275.0**	**262.5**
Net Debt ($m)	**40.0**	**81.3**
Interest cover (EBITDA*/ Interest) (times)	6.4	5.1
Net Debt to EBITDA * (times)	**0.7**	**1.2**
Net Debt to Equity (%)	**14.6**	**31.0**
Net Tangible Assets per share (cps)	0.76	0.72
Trade Working Capital ($m) **	56.3	57.2
Debtor Days	35.7	33.7
Cash Conversion (%) ***	53.3%	54.1%
Return on Funds Employed (%) ****	8.5%	8.0%

* Earnings before Depreciation, Amortisation, Finance costs and Income tax and Significant items

** Working capital reductions in Print and Distribution offset by lower negative working capital at Gordon and Gotch

*** Cash conversion is calculated as Cash flow from operations (before Significant items) / EBITDA before Significant items

**** ROFE equals EBIT (before Significant items) / Average funds employed.

- Net debt at December 2014 = $40.0M
- Net Debt / EBITDA* now 0.7x vs 1.2x pcp
- Headroom at December 2014 of $62M**
- ANZ Working capital facility $35M matures March 2016
- Net debt June 2015 expected to be $17M-$22M :
    - Expect to be net debt free by June 2016

* Before Significant Items

** Includes Cash at Bank

PMP is on track to deliver expected results, notwithstanding subdued market conditions, guidance is reaffirmed :

- Confident in the sustainability of catalogues as a competitive and effective marketing tool for retailers
- Full year profit guidance unchanged post H1 results:
  - EBITDA* $56M - $60M
  - EBIT* $24M - $28M
- Reaffirm Net Debt guidance at $17M - $22M
- Secured new print and distribution contracts starting Q4:
  - annualised sales circa $20M
- Subdued retail conditions likely to continue to impact upon Print and Distribution markets
- Capital management plans announced at AGM still on track

* Before Significant Items

ADDENDUM

2015 HALF YEAR RESULTS : OPERATIONS SUMMARY

Sales Revenue ($m)	1H FY15	1H FY14	Var $	Var %
PMP Australia	218.6	230.3	(11.7)	(5.1%)
PMP New Zealand	77.3	83.7	(6.4)	(7.7%)
Gordon and Gotch AU	131.4	149.1	(17.6)	(11.8%)
TOTAL GROUP	**427.3**	**463.0**	**(35.7)**	**(7.7%)**

EBIT * ($m)	1H FY15	1H FY14	Var $	Var %
PMP Australia	12.0	12.8	(0.8)	(6.6%)
PMP New Zealand	6.4	5.5	0.9	17.0%
Gordon and Gotch AU	0.6	0.8	(0.3)	(32.7%)
Corporate/Other**	(3.2)	(2.6)	(0.6)	(22.9%)
TOTAL GROUP	**15.7**	**16.5**	**(0.8)**	(4.8%)

* Earnings before Finance costs, Income tax and Significant items

** Due to higher employee costs (Long Service Leave provision)

PRINTING BUSINESS

- **Australia**
  - Lower catalogue volumes 6%:
    - 5% due to decision not to re-sign negative & low margin contracts
    - 1% due to lower pagination existing customers
  - Catalogue sell price has stabilised
  - Griffin Press sales volumes up - retail sales of books are up
  - New digital press commissioned at Griffin Press

- **New Zealand**
  - Improved profit across the business despite continued margin pressure
  - Sheetfed growth in market share and profitability
  - Sheetfed fully consolidated into the broader business
  - Re-signed a significant amount of contracted retail customers

LETTERBOX DISTRIBUTION BUSINESS

- **Australia**
  - Contract wins on Newspaper deliveries
  - Unaddressed volumes down 8% :
    - 3% due to lower frequency from an existing customer
    - Lost volumes from insolvent customer (4%)
  - Continued focus on cost management

- **New Zealand**
  - Slight improvement in overall yield across business
  - Reduction in volume due to consolidation in retail brands
  - Market share maintained

MAGAZINE DISTRIBUTION BUSINESS (GORDON AND GOTCH)

- **Australia**
  - Volume decline 6.5%
  - Continued focus on restructuring initiatives
    - Reduced FTEs
    - Warehousing and Pick & Pack consolidation initiatives

- **New Zealand**
  - Improved offer to the market being communicated
  - Recently have won a major contract and improving offer in market.

	H1 14/15	H1 13/14	Var %
Print AU	89.1	94.0	(5.2%)
Print NZ	21.0	20.6	1.6%
Print Tonnes ('000)	**110.1**	**114.6**	**(4.0%)**
Distribution AU	1,240.6	1,350.9	(8.2%)
Distribution NZ	318.5	353.5	(9.9%)
Distribution Units (Mio)	**1,559.1**	**1,704.4**	**(8.5%)**
Gordon and Gotch AU	62.0	66.3	(6.5%)
Gordon and Gotch NZ	5.7	9.1	(37.0%)
Gordon and Gotch Copies (Mio)	**67.7**	**75.4**	**(10.2%)**

- Normalised EBIT* is $0.1M/ 0.9% higher

	FY15 H1			FY14 H1
EBIT as reported	11.2			7.5
Significant Items	4.5			9.0
EBIT (before significant items)	15.7	(4.8%)		16.5
property rent new	3.0			2.6
Lease saving (Chullora/Digital)	(1.6)			(2.1)
normalised EBIT	17.1	0.9%	normalised EBIT	17.0

FY15 full year EBIT guidance $24M-$28M

* Earnings before Finance costs, Income tax and Significant items

** Excludes Finance cost significant items

The material in this presentation is a summary of the results of PMP Limited (PMP) for the six months ended 31 December 2014 and an update on PMP's activities and is current at the date of preparation, 26th February 2015. Further details are provided in the Company's HALF YEAR accounts and results announcement released on 26th February 2015.

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