PMP LIMITED

ABN 39 050 148 644

Merger with IPMG Group

28 October 2016

Peter George, CEO
Geoff Stephenson, CFO

INVESTOR PRESENTATION

PMP LIMITED

Contents

PMP LIMITED

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY (1/2)

Acquisition Overview

- PMP is to merge with IPMG Group[1] (IPMG) with IPMG shareholders issued new PMP shares as consideration, equivalent to a maximum 37%[2] interest in PMP (the 'Transaction')
- IPMG is a print and digital services provider, privately owned by members of the Hannan family. IPMG operates through various businesses including Hannanprint, Inprint and Offset Alpine
- PMP has appointed Grant Thornton to prepare an Independent Expert's Report on whether the Transaction is fair and reasonable for PMP Shareholders
- PMP Directors unanimously recommend shareholders vote to approve the Transaction, in the absence of a superior proposal and subject to the Independent Expert's conclusion
  - The Directors intend to vote in favour of the Transaction for the shares they control
- The Transaction is subject to a PMP shareholder vote at an Extraordinary General Meeting to be held on Friday 16th December, 2016. Completion is expected on 3rd January (subject to PMP shareholder approval and other conditions precedent)

Strategic Rationale

- The Transaction creates a more efficient and sustainable company better placed to serve customer needs and adapt to the challenges facing the print industry
- The Transaction is expected to generate substantial cost synergy benefits

(1) PMP will acquire 100% of IPMG Holding Company, of which IPMG Pty Ltd is a subsidiary. See page 14 for details of IPMG Group shareholders current ownership levels.

(2) The IPMG shareholders together will own up to 37% of PMP (on a fully diluted basis, including vested performance rights). The exact percentage will depend on Completion Account adjustments.

EXECUTIVE SUMMARY (2/2)

Key Acquisition Terms, Funding and Financials

- Approximately 188 million PMP shares to be issued to IPMG shareholders,[1] implying an enterprise value of approximately $119m[2]
- IPMG shareholders have entered into 24 month standstill and holding lock arrangements covering their 37% combined equity interest (subject to certain exceptions)[3]
- On a pro-forma FY16 basis IPMG generated approximately $362m of revenues and $21m of normalised EBITDA[4]
- Pre-tax cost synergies of approximately $40m per annum are anticipated – full run-rate expected to be realised in 18 to 24 months post Completion. One-off implementation cash costs of approximately $65m are anticipated
  - Implied transaction multiples of 5.7x FY16 normalised IPMG EBITDA before pro-forma synergies, and approximately 2.0x after pro-forma synergies of $40m and excluding one-off implementation cash costs
- IPMG will be entitled to nominate two (out of seven) directors for appointment to the PMP Board
- Credit approved funding commitments from ANZ for new debt facilities of up to $60m to fund one-off implementation cash costs and working capital requirements
- Transaction is subject to limited conditions (see page 13)

(1) PMP will issue up to 187,970,295 PMP shares to the IPMG shareholders. The exact number of shares will depend on Completion Account adjustments. PMP shares issued to individual IPMG shareholders will reflect their relative ownership interest in IPMG Group. See page 14 for further details.
(2) The implied value of shares issued to IPMG is $119,361,137 assuming a PMP share price of $0.635 as at 27 October 2016. IPMG is being merged into PMP on a net debt free basis.
(3) Arrangements in place from Completion through to 31 December 2018. Limited exceptions to the holding lock and standstill restrictions are outlined in the Share Sale Deed.
(4) See page 22 for details of normalisations.

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STRATEGIC RATIONALE

PMP LIMITED

STRATEGIC RATIONALE

1. The Australian print industry has been facing challenges for over a decade arising from changes in demand
2. As a result of the Transaction, the Merged Group will be more efficient and sustainable, with improved capabilities to deliver integrated print services and compete with existing competitors
3. The Merged Group will be better placed to respond to current and long-term industry trends
4. The Transaction is expected to be materially value accretive with significant synergy benefits in the form of cost savings expected to generate value for PMP shareholders

SYNERGY BENEFITS

Pre-tax cost synergies from the merger of approximately $40m per annum are expected. Full run-rate to be attained within 18 – 24 months post Completion. One-off implementation cash costs totalling approximately $65m[1] are expected to be incurred

Press Fleet Capacity

- Optimisation of the joint press fleet
- Labour savings arising from better utilisation and rationalisation

Property

- Savings on property costs from optimising the Group's operational footprint

Procurement

- Operational efficiencies from centralised procurement and reduced paper waste

Other Operational Efficiencies

- Savings from rationalising the operations across repairs & maintenance, power and utilities and a range of other manufacturing and operational expenses
- Further savings from the integration of support office functions

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One-off Implementation Costs

- One-off cash costs in order to realise the above synergy benefits, as well as any impact of post completion onerous leases
- Implementation costs expected to be incurred predominantly over the first 12 months
- Expected non-cash impairments to include writing-down of surplus equipment[2]

(1) Estimated cash implementation costs, excluding any potential post completion impacts of onerous leases provisions and transaction costs.

(2) Subject to post completion purchase price accounting.

OVERVIEW OF IPMG

OVERVIEW OF IPMG

- Formed in 1887, IPMG is a private company that provides printing and digital services throughout Australia
  - IPMG is wholly owned by members of the Hannan family
- **Print**
  - IPMG operates printing services through various businesses in Australia including Hannanprint, Inprint and Offset Alpine
  - The companies offer services such as heatset web offset printing, sheet fed and digital printing, as well as a range of associated finishing solutions and associated services
  - The print division makes up approximately 90% of IPMG's revenue
- **Digital and Integrated Marketing**
  - In 2007, IPMG diversified its activities and invested in the digital space
  - IPMG provides digital services through four entities: SBM, Holler, Traction Digital and Spectrum
- Key IPMG executives to join PMP's management team

IPMG

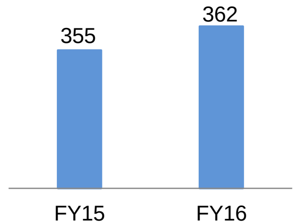
Print	Digital and Integrated Marketing
Revenue: $327m[1] (c.90% of FY16 revenue) • Four print facilities on the east coast of Australia • 17 presses in total: - 11 in NSW; - 3 in Victoria; and - 3 in Queensland • Print activities range from magazines to newspapers and packaging • Total print volumes of 173,000 tonnes in FY16	Revenue: $35m[1] (c.10% of FY16 revenue) • **SBM**: A production agency with offices in Sydney and Brisbane • **Holler**: Digital creative agency based in Sydney • **Traction Digital**: Cross channel marketing agency and platform, with offices in Sydney, Melbourne, London and Singapore • **Spectrum**: Integrated communications agency with offices in Sydney and Singapore

(1) FY16 pro-forma revenue.

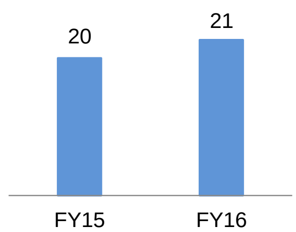
IPMG – FINANCIALS & GEOGRAPHIC PRESENCE

Key Financials

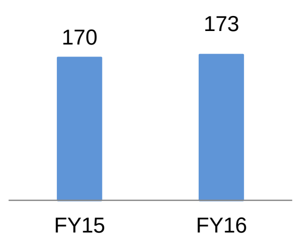
Pro-forma Revenue[1] ($m)



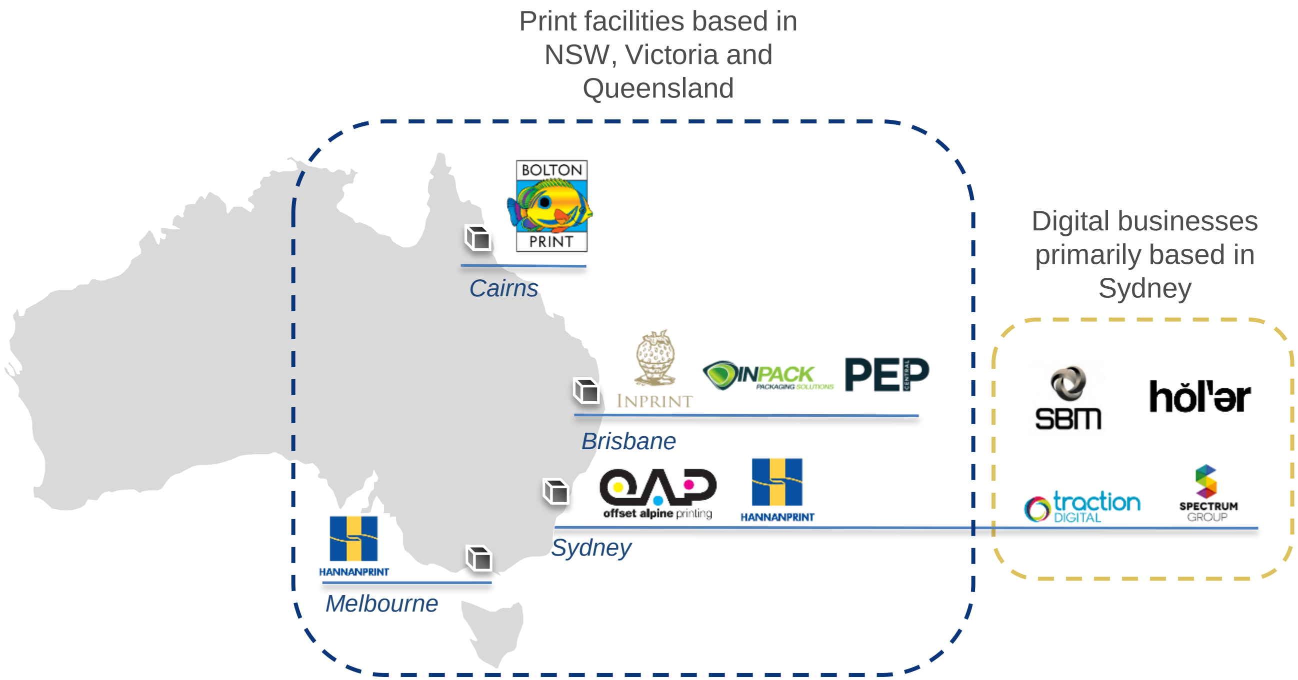
Pro-forma EBITDA[2] ($m)



Print Volumes (tonnes)



Geographic Footprint



Note: Financial year ending 30 June.
(1) Pro-forma revenues excludes revenue from entities not acquired as part of this transaction.
(2) Represents EBITDA (pre significant items) adjusted for certain pro-forma adjustments identified during due diligence. See page 22 for details of normalisations.

ACQUISITION TERMS, FUNDING AND FINANCIALS

ACQUISITION KEY TERMS (1/2)

Merger Overview

- PMP is to acquire 100% of IPMG and will issue new PMP shares to the IPMG shareholders (‘Consideration Shares’) equivalent to a total 37%[1] interest in PMP
  - Corresponding enterprise value of $119m based on the issue of approximately 188 million new shares and a share price of $0.635[2]
  - Equivalent to an implied multiple of approximately 5.7x FY16 normalised IPMG EBITDA[3] before pro-forma synergies (approximately 2.0x after $40m of pro-forma synergies and excluding one-off implementation cash costs)
- Completion of the Transaction expected on 3 January 2017, subject to satisfying limited conditions precedent

Closing Conditions

- Conditions precedent to Completion include:
  - PMP shareholder approval at an Extraordinary General Meeting to be held on Friday 16 December 2016
  - No regulatory intervention to restrain Completion
  - Completion of the IPMG pre-completion reorganisation

Capital Management

- Given the cash costs of delivering synergies, PMP will suspend its capital management policy including dividends and share buy-backs during the implementation period
- PMP will continue to progressively review capital management policies but does not expect to recommence dividends or share buy-backs before 2018, subject to trading conditions

(1) The IPMG shareholders will own up to a maximum of 37% of PMP (on a fully diluted basis, including vested performance rights). The exact percentage will depend on the Completion Account adjustments.
(2) PMP’s closing share price on 27 October 2016. IPMG is being merged into PMP on a net debt free basis.
(3) EBITDA pre significant items and adjusted for certain pro-forma and normalisation adjustments identified during due diligence. See page 22 for details of normalisations.

ACQUISITION KEY TERMS (2/2)

IPMG Shareholders

- IPMG is privately owned by members of the Hannan family
- PMP Consideration Shares will be issued to IPMG shareholders reflecting their relative ownership interests in IPMG[1]
- Post Completion, IPMG shareholders will hold the following ownership interest in PMP shares:
  - Lindsay Hannan: 18.4%
  - Michael Hannan: 9.5% (of which James Hannan will have voting rights over 1.6%)
  - Adrian and Richard O'Connor: 9.2%
- IPMG shareholders have agreed to equity holding lock and standstill arrangements for a period of approximately 24 months post Completion[2]

Governance

- IPMG is entitled to nominate up to two directors to the PMP Board
- The IPMG nominees will be:
  - Michael Hannan – Executive Chairman of IPMG
  - Stephen Anstice – Former CEO of IPMG and current Chairman of CSG Ltd
- Current PMP directors are to remain on the Board with Matthew Bickford-Smith to remain in his current position as Chairman
- Certain key IPMG executives to join the PMP management team that will continue to be led by CEO Peter George[3]

(1) IPMG Group shareholders include Michael Hannan 25.6%, Lindsay Hannan 49.6%, and Adrian and Richard O'Connor 24.8%.

(2) Arrangements include equity holding lock and standstill restrictions for the period through to 31 December 2018. There are limited exceptions to these arrangements as outlined in the Share Sale Deed.

(3) The PMP Board has determined that Peter George will be eligible for an additional STI payment, equivalent to one year's salary payable on the successful achievement of the Transaction synergy program.

ACQUISITION FUNDING

- The Transaction is to be funded by the issuance of approximately 188 million new PMP shares to IPMG shareholders
- IPMG is being merged into PMP on a net debt free basis[1]
- PMP has received credit approved commitments from ANZ for new debt facilities of up to $60m that will be used as required to fund working capital requirements and the one-off implementation cash costs
  - Gearing is anticipated to increase in 2H17 subject to the timing of implementation costs however is expected to reduce thereafter as synergy benefits are realised
  - Future capital expenditures are anticipated to remain at low levels

Transaction Sources and Uses of Funds as at Completion[2]

Sources of Funds	$m
Issue of PMP Shares[3]	$119m
PMP Cash on Balance Sheet[4]	$8m
Total	**$127m**

Uses of Funds	$m
Acquisition of IPMG	$119m
Transaction Costs	$8m
Total	**$127m**

(1) The Transaction will include the assumption of one of IPMG's existing equipment financing facilities. IPMG will retain an equivalent amount of cash on balance sheet at Completion to offset this facility.

(2) Sources and Uses exclude the working capital and net debt completion adjustments. Actual adjustments will not be known until finalisation of Completion Accounts approximately one month after Completion.

(3) Based on the issue of up to 187,970,295 PMP shares at a share price of $0.635 as at 27 October 2016. The exact number will depend on Completion Account adjustments.

(4) Amount of cash from PMP's balance sheet that is being used to fund the acquisition.

PRO-FORMA INCOME STATEMENT & EPS ACCRETION

FY16		PMP	IPMG[1]	Adjustments[2]	Merged Group[3] (Pro-forma)
EBITDA (pre significant items)	***$m***	**51.2**	**21.0**	**40.0**	**112.2**
D&A	*$m*	(27.9)	(13.5)		(41.4)
EBIT (pre significant items)	***$m***	**23.3**	**7.5**		**70.8**
Finance costs	*$m*	(5.9)	(0.4)	(2.8)	(9.1)
NPAT (pre significant items)	***$m***	**11.8**			**42.8**
Shares on issue	*millions*	318.2[4]		188.0	506.1
Earnings per share (pre significant items)	*cents*	3.71			8.46
FY16 pro-forma EPS accretion (pre significant items)	**%**				**128%**

(1) Represented on a pro-forma normalised basis. See page 22 for reconciliation to IPMG statutory EBITDA. Finance costs relate to the assumption of one of IPMG's equipment financing facility (approximately $9.9m as at 30 June 2016).

(2) Excludes any post completion Purchase Price Accounting (PPA) adjustments, any potential write-down / impairment of surplus equipment which may impact ongoing depreciation expense, and any impact of post completion onerous leases.

(3) Pro forma finance costs estimated using FY16 actual finance costs and an assumed average drawdown of approximately $45m on the new debt facilities.

(4) Excluding 1,885,815 unexercised vested performance rights.

PRO-FORMA BALANCE SHEET

FY16 ($m)	PMP (Statutory)	IPMG (Pro-forma)[1]	Transaction adjustments[2]		Merged Group (Pro-forma)
			Acquisition	Consolidation	
Cash	54.1	9.9	(7.5)	-	56.5
Receivables	96.3	52.6	-	-	148.9
Inventory	85.6	35.3	-	-	120.9
Property, Plant and Equipment	155.9	80.1	-	-	236.0
Intangible Assets	27.5	1.5	-	4.0	33.0
Other Assets	57.5	6.0	119.4	(119.4)	63.5
Total Assets	**476.9**	**185.4**	**111.9**	**(115.4)**	**658.9**
Payables	139.4	42.7	-	-	182.1
Borrowings	53.4	9.9	-	-	63.3
Other	24.7	17.5	-	-	42.2
Total Liabilities	**217.5**	**70.1**	**-**	**-**	**287.6**
Net Assets	**259.4**	**115.4**	**111.9**	**(115.4)**	**371.3**
Net (Cash) / Debt	(0.7)	-	7.5	-	6.8

(1) Pro-forma FY16 to reflect pre-completion reorganisation, removal of intercompany amounts, and entities excluded from the Transaction. The Transaction will include the assumption of one of IPMG's existing equipment financing facilities (approximately $9.9m as at 30 June 2016). It is intended that IPMG will retain an equivalent amount of cash on balance sheet at Completion to offset this facility.

(2) Excludes any post Completion Purchase Price Accounting adjustments, any potential write-down / impairment of surplus equipment; and any impact of drawdowns on facilities to fund implementation costs.

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TIMETABLE

Key Event	Date
Transaction Announcement	Friday, 28 October 2016
Despatch of Shareholder Explanatory Memorandum, Notice of Meeting and Independent Expert's Report	Tuesday, 15 November 2016
PMP Shareholder Extraordinary General Meeting	Friday, 16 December 2016
Transaction Completion	Tuesday, 3 January 2017

Note:

All dates in the above timetable are indicative only and are subject to change. The parties may vary any or all of these dates and times and will provide reasonable notice of any such variation. Any changes will be announced by PMP to ASX.

TRADING UPDATE

FY17 TRADING UPDATE

- Market conditions continue to be challenging into FY17, with lower volumes having contributed to a soft first quarter
- Management have identified further cost saving measures for PMP stand-alone and remain confident these initiatives will bring results in line with expectations for the full year FY17
- Challenging market conditions continue to support the rationale for the Transaction which will enable PMP to achieve a more efficient and sustainable print business

APPENDIX

IPMG NORMALISED EBITDA

$m	FY15	FY16
Pro Forma Normalised EBITDA	**20.3**	**21.0**
Non-recurring one-off items[1]	(5.8)	(1.6)
Excluded entities and related costs[2]	(2.1)	(1.6)
Non-operating items[3]	2.0	(2.6)
Statutory EBITDA	**14.4**	**15.2**

Notes:

(1) Management normalisation to exclude income and expenses which are considered to be one-off or non-recurring in nature. The normalisation primarily consists of redundancy costs, lease termination costs and a range of smaller items.

(2) Excluding P&L statement of entities which are not included in the transaction as well as personnel and property related expenses deemed to be non-recurring going forward.

(3) Exclude non-operating items including non-recurring other income (deferred consideration) trust distributions included in EBITDA and litigation settlement payments.

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