



Results for the
12 months ended 30 June 2014

28th August 2014

Peter George, CEO
Geoff Stephenson, CFO

INVESTOR PRESENTATION

Contents

FY14 Highlights

Reconciliation of EBITDA

Transformation

Financial Highlights

Conclusions

Addendum

“The strategy to transform PMP into a leaner, stronger and more customer focused company continues to deliver the results.”

- **FY14 return to net profit = \$3.4M**

- **EBITDA* and EBIT** at upper level of market guidance**

- **Strong cash generation: Free cashflow*** \$44.0M up \$16.5M pcp**

- **Net debt at \$51.7M is better than guidance of \$60M - \$65M, lowest in 24 year history**

- **Continuing to build a more profitable and sustainable PMP:**
 - **Integrated offers**

 - **Phase 3 Transformation completed**

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

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

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

2014 FULL YEAR RESULTS : HIGHLIGHTS

▪ EBITDA* at \$63.4M



- Revenue lower 7.8% or \$76.6M pcp :
 - Core sales including Heatset and Distribution down \$27M or 4.9%
 - Distribution volumes up 9.5% and Australian catalogue print volumes down 3%

▪ EBIT** at \$28.8M



- Upper end of market guidance
- EBIT down 14.7% pcp largely due to Property Sale/Leaseback (see page 20 for details)
- Normalised EBIT \$30.2M down 10.2% pcp

▪ Transformation of Australian business



- Phase 3 completed \$11.2M spend, annualised savings \$16.4M

▪ Net Debt at \$51.7M



- Cash interest paid \$6.5M lower pcp
- Net Debt \$51.7M vs \$89.1M pcp
- Free cashflow*** \$44.0M vs \$27.5M pcp

▪ Gearing level



- Net Debt to EBITDA* at 0.8x v 1.2x pcp
- Interest Cover 5.1x v 4.7x pcp

▪ Net Profit



- Net Profit (after significant items) of \$3.4M v Net Loss (\$70.2M) pcp

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

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

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2014 FULL YEAR RESULTS : HIGHLIGHTS

- Distribution AU market share marginally higher
- Griffin Press secures major new customer and restructures cost base
- Gordon and Gotch AU EBIT* up pcp \$1.1M to \$3.4M from cost restructure/controls
- PMP NZ had stronger Distribution and Sheetfed sales offsetting tough Heatset market
- Print AU impacted by lower Directories volumes and tough markets in Heatset (volume and prices)
- Issued \$50M unsecured Corporate Bond (now trading above par)
- Sale/Leaseback of last Melbourne property for \$7.6M (includes a \$4.0M profit)
- Phase 3 Transformation plan generated \$16.4M annualised savings from spend of \$11.2M
- Core sales down \$27M or 4.9% :
 - including Directories/G&G and PMM, total sales down 7.8% or \$77M

* Earnings before Finance costs, Income tax and Significant items

2014 FULL YEAR RESULTS : HIGHLIGHTS

\$M	FY14	FY13 *	%
Sales Revenue	899.2	975.8	(7.8%)
EBITDA (before significant items)	63.4	71.6	(11.4%)
Depreciation & Amortisation	(34.6)	(37.8)	8.5%
EBIT (before significant items)	28.8	33.8	(14.7%)
Net Profit After Tax (before significant items)	11.8	14.3	(17.8%)
Significant items post tax	(8.4)	(84.5)	90.1%
Net Profit/ (Loss) (after significant items)	3.4	(70.2)	-

* Restated balances \$0.6M expense for FY13 due to AASB 119 Employee benefits policy change

2014 FULL YEAR RESULTS : HIGHLIGHTS

Key Metrics	FY14	FY13 *	%
Cash Flow from Operating activities (\$m)	35.5	7.6	-
Free Cash Flow (\$m) **	44.0	27.5	60.0%
Net Debt (\$m)	(51.7)	(89.1)	42.0%
EBITDA to Sales Revenue (%)	7.1%	7.3%	
EPS (before significant items) ***	3.6	4.4	

* Restated balances \$0.6M expense for FY13 due to AASB 119 Employee benefits policy change

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

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

2014 FULL YEAR RESULTS : Reconciliation of EBITDA

\$M	FY14	FY13 *	%
Statutory Profit/ (Loss)	3.4	(70.2)	-
Income tax (expense)/ benefit	(4.7)	(1.6)	-
Statutory Profit/ (Loss) before Income tax	8.1	(68.6)	-
Significant Items (pre tax)	9.1	88.5	-
Profit before significant items	17.2	19.9	(13.6%)
Net finance costs	11.6	13.9	-
EBIT (before significant items) **	28.8	33.8	(14.7%)
Depreciation & Amortisation	34.6	37.8	-
EBITDA (before significant items)	63.4	71.6	(11.4%)

* Restated balances \$0.6M expense for FY13 due to AASB 119 Employee benefits policy change.

** EBIT includes an additional \$4.1m of property rental expense vs pcp

2014 FULL YEAR RESULTS : SIGNIFICANT ITEMS

\$M	Pre-Tax
Redundancy and Press relocations	11.2
Property leases and Other costs	1.8
Gross Cash Significant Items	13.1
Profit on Property Sale and Gain on Sale of Plant and Equipment	(5.0)
Net Cash Significant Items	8.1
Other costs	1.0
Non-cash Significant Items	1.0
Total Significant items	9.1

2014 FULL YEAR RESULTS : CASH FLOW

\$M	FY14	FY13 *	Var \$
EBITDA (Before significant items)	63.4	71.6	(8.2)
Borrowing costs	(11.5)	(18.0)	6.5
Income tax refunds/ (paid)	0.3	0.0	0.3
Net movement in working capital **	(3.0)	(2.4)	(0.6)
Trading Cash flow	49.2	51.3	(2.1)
Significant items ***	(13.7)	(43.7)	30.0
Cash Flow from Operations (Appendix 4E)	35.5	7.6	27.9
Asset sales	10.7	74.8	(64.1)
Capital Expenditure	(5.2)	(23.8)	18.6
Net Cash Flow	41.1	58.6	(17.6)
Gain/(Loss) on translation of NZ Debt	(3.7)	(4.4)	0.7
Reconciliation to Net Debt movement	37.4	54.2	(16.8)
Free Cash Flow ****	44.0	27.5	16.5

* Restated balances \$0.6M expense for FY13 due to AASB 119 Employee benefits policy change

** Includes \$5.3M of Onerous Lease payments in FY14

*** Includes redundancies of \$0.6M booked in FY13 paid in FY14

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

2014 FULL YEAR RESULTS : BALANCE SHEET METRICS

	Jun-14	Jun-13 *
Total Assets (\$m)	502.7	549.2
Shareholders Funds (\$m)	264.8	258.6
Net Debt (\$m)	51.7	89.1
Interest cover (EBITDA**/ Interest) (times)	5.1	4.7
Net Debt to EBITDA ** (times)	0.8	1.2
Net Debt to Equity (%)	19.5	34.4
Net Tangible Assets per share (cps)	0.73	0.72
Trade Working Capital (\$m)	48.7	46.6
Debtor Days	32.6	33.7
Cash Conversion (%) ***	77.6%	71.6%
Return on Funds Employed (%) ****	8.7%	8.3%

* Restated balances \$0.6m expense for FY13 due to AASB 119 Employee benefits policy change.

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

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

**** ROFE equals EBIT (before Significant items) / Average funds employed. If the calculation was done using normalised EBIT as per page 20 ROFE would have increased from 8.3% to 9.1%.

2014 FULL YEAR RESULTS : Continual Improvement in Debt Profile

- Net Debt at \$51.7M, better than guidance
- Net Debt/ EBITDA* at 0.8x vs 1.2x at June 2013
- Corporate Bond issued October 2013:
 - 4 year term \$50M
 - Coupon fixed @ 8.75%
- ANZ/CBA bank facility
 - Matures September 2015
 - Cash deposits exceed drawings at 30th June 2014
 - Supports intra quarter working capital requirements
- FY14 average borrowing rate (pre fees) 8.0% v 8.3% pcp as lower bank debt costs offset the bond coupon

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

2014 FULL YEAR RESULTS : CONCLUSIONS

- Cost base and financial risk reduced
- Stronger EBIT* vs pcp from Gordon and Gotch, Griffin Press, Distribution AU and New Zealand sheetfed reduces reliance on Heatset print in Australia/ New Zealand.
- Well underway to building a more profitable and sustainable PMP
- Ongoing focus on being a retail catalogue specialist:
 - successfully expanded the use of Dmarketer and integrated offers with Tier 1 clients
 - assisting retailers in targeting versions of their catalogues to specific target audiences
- Weak consumer spending and industry overcapacity continues to impact Heatset printing
- Guidance to be provided at the AGM in November 2014.

* Earnings before Finance costs, Income tax and Significant items

ADDENDUM

2014 FULL YEAR RESULTS : OPERATIONS SUMMARY

Sales Revenue (m)	FY14	FY13	Var \$	Var %
PMP Australia	439.9	493.6	(53.7)	(10.9%)
PMP New Zealand	160.9	158.8	2.1	1.3%
Gordon and Gotch Group	298.4	323.4	(25.0)	(7.7%)
TOTAL GROUP	899.2	975.8	(76.6)	(7.8%)

EBIT ** (m)	FY14	FY13*	Var \$	Var %
PMP Australia	20.9	30.6	(9.7)	(31.6%)
PMP New Zealand	9.9	9.7	0.2	2.4%
Gordon and Gotch Group	3.4	1.1	2.3	-
Corporate/Other	(5.5)	(7.7)	2.2	28.4%
TOTAL GROUP	28.8	33.8	(5.0)	(14.7%)

* Restated balances \$0.6M expense for FY13 due to AASB 119 Employee benefits policy change

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

PRINTING BUSINESS

➤ Australia

- Industry overcapacity impacted Print sell prices
- Customers taking up integrated offer of all PMP products and services
- Tighter cost control and lower headcount. Managing peak times with flexible work force
- Phase 3 Transformation plan successfully implemented across all plants
- Griffin Press retained all major contracts. Order volumes continue to grow

➤ New Zealand

- Ongoing cost savings and operational improvements post transformation
- Competitive heatset marketplace continuing to put pressure on margins
- Sheetfed offer in market is gaining traction offsetting Heatset reductions
- A broader offering is going to market attracting a new customer base

LETTERBOX DISTRIBUTION BUSINESS

➤ **Australia**

- Transformation plan successfully implemented
- Unaddressed volumes up 12% for same period last year.
- Major customers have increased volume compared to same period last year.

➤ **New Zealand**

- YOY volume and market share increase
- Yield under pressure in small market
- Strong retail pressure despite improving NZ economy
- Better community newspaper volumes

MAGAZINE DISTRIBUTION BUSINESS (GORDON AND GOTCH)

➤ Australia

- Volume decline 5.3% – magazine circulation
- Continued focus on restructuring initiatives – reduced FTEs
- Freight initiatives – route optimisation and retail delivery consolidation

➤ New Zealand

- Year on year EBIT improvement despite lower revenue
- Lower volumes due to ongoing market shrinkage and loss of contract
- Logistics savings being realised and ongoing cost reduction

2014 FULL YEAR RESULTS : UNITS

	FY14	FY13	Var %
Print AU	177.2	198.8	(10.8%) *
Print NZ	39.3	40.3	(2.6%)
Print Tonnes ('000)	216.5	239.1	(9.5%)
Distribution AU	2,538.7	2,308.8	10.0%
Distribution NZ	648.2	602.3	7.6%
Distribution Units (Mio)	3,186.9	2,911.1	9.5%
Gordon and Gotch AU	131.0	138.3	(5.3%)
Gordon and Gotch NZ	15.7	21.2	(25.6%)
Gordon and Gotch Copies (Mio)	146.7	159.5	(8.0%)

* Print AU volumes (excluding Directories) were 3.8% lower pcp, which is made up of 3% decline in Catalogue volumes and 6.9% decline in Magazines

2014 FULL YEAR RESULTS : HIGHLIGHTS

➤ Normalised EBIT is \$30.2M/ 10.2% lower.

	FY14			FY13	
EBIT as reported	20.2		EBIT as reported	(54.3)	
Significant Items	8.7		Significant Items	88.7	
			EBIT (before significant items)	34.4	
			AASB 119	(0.6)	
EBIT (before significant items)	28.8	(14.7%)	Restated EBIT (before significant items)	33.8	
Property Sale/Leaseback impact	5.4		Property Sale/Leaseback impact	1.3	
Lease saving (Chullora/Digital)	(4.1)		no PMM sold	(1.4)	
Normalised EBIT	30.2	(10.2%)	Normalised EBIT	33.6	

* Earnings before Finance costs, Income tax and Significant items

** Excludes Finance cost significant items

2014 FULL YEAR RESULTS : DISCLAIMER

The material in this presentation is a summary of the results of PMP Limited (PMP) for the twelve months ended 30 June 2014 and an update on PMP's activities and is current at the date of preparation, 28th August 2014. Further details are provided in the Company's FULL YEAR accounts and results announcement released on 28th August 2014.

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