

PMP EXTRAORDINARY GENERAL MEETING 2016

Ashurst Australia

Level 11, 5 Martin Place, Sydney NSW 2000

Friday, 16 December 2016 at 10.00am

ADDRESS BY THE CHAIRMAN

MATTHEW BICKFORD-SMITH

Good morning ladies and gentlemen and welcome to this Extraordinary General Meeting of PMP Limited.

My name is Matthew Bickford-Smith and I am Chairman of the company.

The Company Secretary has advised me that we have a quorum and, as the time is now past 10am, I have pleasure in declaring this Meeting open.

We are here today to vote on a resolution that, if approved, will see the merger of PMP with IPMG.

This speech has been lodged with the Australian Stock Exchange and posted on the PMP website.

After introductions and a brief address, we will proceed to the formal business of voting on the resolution for the issue of PMP shares to the Hannan family in exchange for their print and digital businesses.

Unless there are any objections, I propose to take the Notice as being read.

Introductions

First, let me introduce PMP's board and executives here today.

- Naseema Sparks, Non-Executive Director
- Dhun Karai, Non-Executive Director
- Anthony Cheong, Non-Executive Director
- Peter George, Chief Executive Officer and Managing Director
- Geoff Stephenson, Chief Financial Officer
- Alistair Clarkson, Company Secretary and General Counsel

IPMG Merger

Turning to the merger, I propose to focus my comments at a high level.

The detail pertaining to this merger has been set out in considerable detail in the explanatory memorandum accompanying the Notice of Meeting and in the Independent Expert's Report. The proposed merger was also discussed at the recent AGM held on 23 November 2016.

Rationale for the merger

The Board believes that market overcapacity makes this merger an important and necessary strategic response to sustain PMP's future. It will enable us to extract the synergies required to remain competitive within this market.

Under the proposed merger: PMP will acquire 100% of the shares in the IPMG Holding Company and the shareholders of IPMG Holding Company (the Hannan Family) will be issued new shares in PMP as consideration for PMP acquiring those shares.

If PMP's shareholders approve the Transaction today, and subject to the satisfaction certain conditions precedent for completion, the Hannan Family will together hold 37% of PMP's share capital. Existing PMP shareholders will hold the remaining share capital – a minimum of approximately 63%.

Synergy benefits

Your Board believes there is a strong commercial and strategic rationale for this merger.

IPMG is a strong fit for PMP. It has similar, customer-focused values and commercial approach. Together we are better placed to adapt to the realities of the Australian print industry in the decade ahead. In the process, we will create a more efficient and sustainable PMP – and value for our clients and our shareholders.

In joining forces with the Hannan family through the proposed merger, PMP will be a stronger and more efficient competitor in the catalogue printing and distribution market. The merged company will be able to optimise its print fleet and invest in the latest digital technology to meet the ongoing demand for integrated, end-to-end print and distribution solutions. The result will be a more efficient, sustainable and agile organisation, far better positioned to adapt to industry change in the future.

From the shareholders' perspective, in the short-term, the merger will deliver significant synergy benefits by retiring older equipment – in the process, and very importantly, removing some spare capacity out of our businesses. The Board expects the merger to deliver \$40 million in annualised cost savings – for a one-off cash cost of \$65 million – enabling payback in 12-24 months.

In the longer term, the merged company will allow PMP to develop improved capabilities to deliver integrated print services and compete with new and existing competitors.

Corporate governance

On completion, there will be some changes to the Board. The Hannan Family will be entitled to nominate two directors for appointment to the Board. I will continue in my role as Independent Chairman and Peter George will continue in his role as Chief Executive Officer and Managing Director.

The IPMG nominees are:

- Michael Hannan – Executive Chairman of IPMG... and
- Stephen Anstice – Former CEO of IPMG and current Chairman of CSG Ltd

...who are both highly experienced executives in the print industry.

PMP's executive management team will remain largely unchanged other than with the inclusion of Kevin Slavin and Adrian O'Connor. Clearly, as the businesses are integrated, we will have an opportunity to review management roles in light of the substantial leadership talent the merger will bring together.

Implementation

If the vote passes today, the substantial remaining condition precedent is that there are no legal impediments, including no regulatory intervention, to the proposed transaction.

To that point, since announcing the proposed merger, as you would expect, we have been engaging with the Australian Competition and Consumer Commission (ACCC) and discussions are ongoing which may involve short a delay in completing on 3 January.

Following completion, the company will start engaging with unions, employees and other stakeholders to undertake the integration process to achieve the synergies the merged company provides.

Board recommendation and Independent Expert's conclusion

The PMP Directors unanimously recommend that shareholders vote in favour of the Resolution, which the Independent Expert, Grant Thornton, has concluded is fair and reasonable to PMP shareholders.

Trading update

At the AGM we advised that volumes had been soft in the early part of FY17 and that market conditions were challenging.

In FY17 we also expected to win a number of new Tier 1 contracts to replace reduced volumes in FY16 and undertake further cost out programmes. These additional cost savings measures had been identified for PMP (standalone) ensuring our EBITDA results would be in line with expectations for the full year.

Since the AGM our competitors have retained their existing Tier 1 contracts and we have not won the expected share of new contracts. Moreover with the pending merger with IPMG we have had to postpone the budgeted and planned cost out programmes into H2, so the H1 profit has not benefited from the expected savings. In addition, the weak Q1 sales conditions with existing print and distribution customers have continued in the second quarter with lower volumes and a softer lead into the Christmas trading period.

Given the above, PMP's first half standalone EBITDA (pre significant items) is expected to be significantly lower than last year.

On a merged group basis, including the expected 2H standalone cost savings as above, and the cost synergies to be delivered in line with what the company announced to ASX on 28th October 2016, we continue to expect PMP's full year EBITDA (pre significant items) to be around broker expectations¹.

A full year trading update will be provided at the results announcement in February.

Conclusion

In closing, the Board and I encourage shareholders to vote in favour of the proposed merger.

We strongly believe that this transaction gives PMP its best chance to move forward and face the industry challenges as a more efficient competitor, which will in turn, create value for shareholders.

¹ # Taylor Collison/Bell Potter research November 2016 average EBITDA (pre significant items) \$58M

FORMAL BUSINESS

Before proceeding to a vote, I need to inform the meeting that the form of the Resolution sent out in the Notice of Meeting has been amended slightly, with a minor change to reflect approximately 25% of the shares that were going to be issued personally to Mr Lindsay Hannan will now be issued to Sayman Pty Limited in its capacity as trustee for the Lindsay Hannan Family Trust. The amended resolution was announced on the ASX on 13 December 2016.

With that noted, today's vote will be taken by a poll.

Only shareholders holding blue or pink attendee cards are entitled to ask questions or vote at the meeting today. If you were not provided with a blue attendee card when registering for the meeting and believe you are entitled to vote, please see the Computershare staff at the registration desk.

The first and only resolution is in respect of the proposed merger with IPMG.

I now open the meeting to questions and comments on the proposed transaction.

If you have a question please state your name, and, if you represent an organisation, the name of that organisation.

QUESTIONS ON THE PROPOSED MERGER WITH IPMG

There being no [further] discussion on this resolution I now move for shareholders to consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

"That for the purposes of item 7 of section 611 of the Corporations Act and all other purposes, approval is given for PMP to issue, and each of Mr Michael Hannan, Sayman Pty Ltd in its capacity as trustee of the Lindsay Hannan Family Trust, Mr Lindsay Hannan, Mr Adrian O'Connor and Mr Richard O'Connor (jointly) and Mr James Hannan to individually and jointly to acquire relevant interest in, up to 187,970,295 PMP Shares that will represent approximately 37.1% of the PMP Shares on issue (the Consideration Shares), on the terms set out in the Explanatory Memorandum accompanying the Notice of Meeting and approval is also given for the purposes of any other approval necessarily required for the Proposed Transaction pursuant to the Corporations Act or the ASX Listing

Rules.”

I put the Resolution to a vote as a poll.

The proxy votes for this resolution are:

- For –99.62%
- Against – 0.17%
- Open – 0.21%

I intend to direct the open votes in favour of this resolution.

I now appoint Mr Richard Powell of Computershare Investor Services Pty Limited to be Returning Officer and to conduct the poll. Mr Powell has power to co-opt, as his agents, members of his staff and staff of the company and he will now take you through the procedures for completing the poll.

[Chairman passes the floor to Returning Officer]

[Returning Officer returns the floor to Chairman]

Have all votes been cast? [PAUSE] I now declare the poll closed and formally charge Mr Powell as Returning Officer to count the votes.

After the votes have been counted, the results of today’s poll will also be released to the ASX and will be displayed on the company’s website.

MEETING CLOSE

That concludes the formal business before the Meeting.

Thank you for your attendance.