ASX Announcement **27 February 2017**

PMP LIMITED FY17 HALF YEAR RESULTS

Merger integration to proceed, synergy benefits upgraded

With the merger now due to complete on 1 March 2017, PMP and IPMG are on track to extract synergy benefits that will make the merged company highly competitive in the Australian print market.

Annualised savings from transformation are now expected to be circa $55M – $15M up on original expectations when the transaction was announced in October 2016 – now at a cash cost[#] of circa $80M vs the original of $65M. Annualised full year EBITDA (pre-significant items) is expected to be $90M to $100M from fiscal 2019, subject to market conditions.

PMP CEO, Peter George, said, "We are delighted to be able to complete the merger. It creates the opportunity for us to build a more competitive and sustainable company with significant synergy benefits and an enhanced manufacturing capability. Although the period prior to the merger was extremely unusual, as highlighted in our H1 FY17 results, we can now move quickly to deliver the identified synergies and add greater value for customers and shareholders."

H1 FY17 Results Summary

As noted at the AGM and EGM last year, trading in the second half of fiscal 2016 was adversely affected by hesitant customer activity in the lead into industry consolidation. This continued into H1 FY17.

- Net Loss (after tax and significant items) of $14.5M compared to $1.8M profit pcp due mainly to lower print revenues and postponed cost out programmes due to the pending merger.
- Free cashflow[1] at $5.7M vs $17.5M, down $11.8M pcp
- EBITDA (before significant items) at $11.1M, down $17.9M pcp
- Earnings per share[3] loss of 0.9 cents per share down pcp vs 2.4 cents earnings
- Net Debt at $9.8M [2], down $0.5M from Net Debt[2] of $10.4M at 31 December 2015

$M	H1 FY17	H1 FY16	Var $	%
Sales Revenue	**496.6**	390.5	106.1	27.2%
EBITDA (before significant items)	**11.1**	29.0	(17.9)	(61.8%)
EBIT (before significant items)	**(1.8)**	14.8	(16.6)	(112.3%)
Net Profit / (Loss) (before significant items)	**(2.9)**	7.8	(10.8)	(137.5%)
Net Profit / (Loss) (after significant items)	**(14.5)**	1.8	(16.3)	-
Free Cash Flow [1]	**5.7**	17.5	(11.9)	(67.6%)
Net Debt [2]	**(9.8)**	(10.4)	0.5	5.0%
Earnings Per Share [3] (cents)	**(0.9)**	2.4	(3.3)	-

[1] Free cashflow is defined as EBITDA (before significant items) less interest paid, income tax, capex and movement in working capital

[2] Net Debt excludes prepaid finance costs

[3] Earnings per share is defined as net profit after tax (before significant items)/weighted average number of ordinary shares

[#] Estimated cash implementation costs, before any post completion impacts of onerous lease provisions.

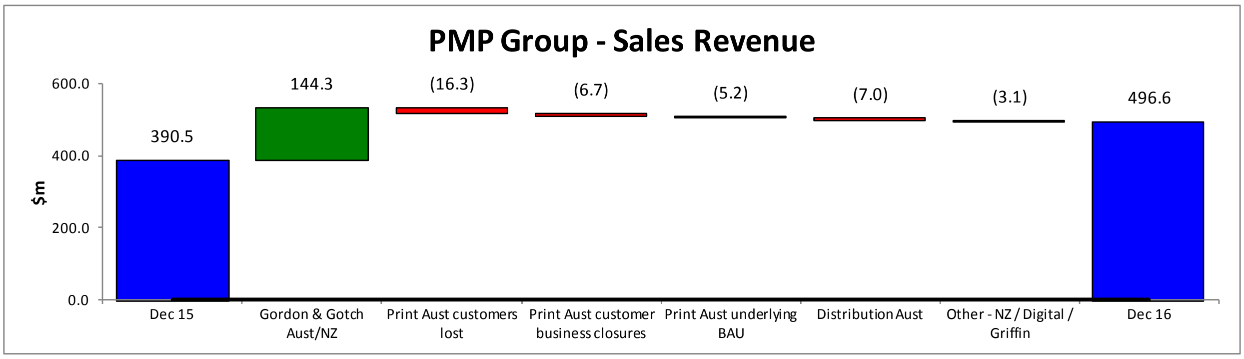
COMMENTARY

PMP CEO, Peter George, said, "As we informed the market last year, PMP's first half results were significantly lower pcp. The half was adversely impacted by extremely unusual print market conditions in the lead into the expected industry consolidation."

"With every major heatset print operation pursuing industry consolidation in the first half, the printers were very aggressive in competing to retain existing contracts. Understandably, prospective print customers were wary of signing contracts where the future competitive market was not clear."

"As a result of the challenging market conditions, we were unsuccessful in replacing lost volumes, as well as from customers that went out of business in the last financial year. Profitability was also affected by postponing cost-out responses to the lower activity levels in anticipation of the IPMG merger going ahead as planned."

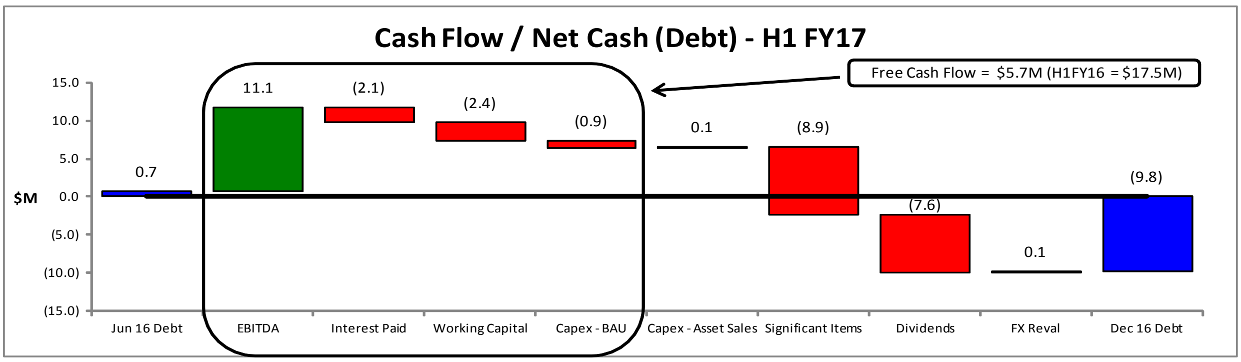
"It was pleasing to see the successful integration at Gordon and Gotch of the new magazine distribution contracts with Bauer in both Australia and New Zealand. This underpins PMP's capability to successfully integrate businesses and major contracts," said Peter George.



Across the PMP Group, sales at $496.6M were up by $106.1M or 27.2% pcp, due to higher sales at Gordon and Gotch in both Australia and New Zealand, which were up $144.3M on the back of higher volumes from the new Bauer contracts. However, this uplift masked lower sales at PMP Australia, which were down $39.0M or 20.5%.

PMP's H1 FY17 EBIT loss (before significant items) fell to $1.8M, which was $16.6M lower compared to the $14.8M profit pcp.

Free Cashflow remains a key feature of the PMP business model and is its key financial metric. At $5.7M for the half year, it was $11.9M lower pcp as $6.0M of better working capital outcomes and lower interest expense was offset by lower EBITDA.



Statutory profit after tax fell from $1.8M pcp to a loss of $14.5M in H1 FY17 due to lower EBITDA and $9.1M of significant items (mainly due to $6.7M of redundancies and other restructuring and $2.3M of merger costs).

PMP Australia

$M	H1 FY17	H1 FY16	%
Sales Revenue	**151.4**	190.4	(20.5)
EBIT (before significant items)	**(4.8)**	11.8	(140.5)

For PMP Australia, the inability to replace lost print contract volumes and a general sell price decline reduced print revenues by $28M or 24% pcp. After adjusting for these factors, heat-set print volumes fell by 2.1%. Distribution sales fell by 14% pcp or $7M, from lost customers and lower catalogue frequency from some existing customers. After adjusting for these factors, distribution sales were down 7%.

EBIT loss (before significant items) at $4.8M was down $16.5M pcp, driven by lower heatset print volumes and lower print sell prices. In addition, the majority of the usual cost out responses to the lower print activity levels were not undertaken in the first half, as they would not have been optimal in the event of the merger proceeding. Tight cost controls remain in place.

Griffin Press had lower revenues after a customer loss and higher operational costs from the transition to the digital platform.

PMP New Zealand

$M	H1 FY17	H1 FY16	%
Sales Revenue	**103.6**	71.2	45.6
EBIT (before significant items)	**4.6**	5.2	(10.4)

PMP New Zealand EBIT (before significant items) of $4.6M, was down $0.5M or 10.4% pcp as higher profits at both Gordon and Gotch and the sheetfed business, and further cost savings were outweighed by the impact of lower print sell prices.

Gordon and Gotch

$M	H1 FY17	H1 FY16	%
Sales Revenue	**241.5**	128.9	87.3%
EBIT (before significant items)	**0.0**	0.6	(96.2)

Gordon and Gotch revenues were up $112.6M or 87.3% pcp as revenues from the Bauer contract and other publishers (following the closure of Network) offset lower revenues from existing customers. EBIT (before significant items) of $23k for the period was down $0.6M pcp as the impact of lower volumes on existing customers offset benefits from the new Bauer contract. A much stronger second-half performance is expected given the seasonality in the business.

Cashflow

Free cashflow[1] was $5.7M, down $11.9M pcp as better working capital movements and lower interest expense was more than offset by lower EBITDA. Capital expenditure at $0.9M was slightly down on pcp.

With the rationalisation of the heatset press fleet in the wake of the merger, capex should remain low for the foreseeable future. Cashflow from operations at ($2.2M) was $17.2M lower pcp.

Significant Items

Significant items in H1 FY17 were $9.1M (pre tax). This included $6.7M of redundancy and restructuring costs, $2.3M of costs relating to the IPMG merger transaction.

Debt

The company had a Net Debt position at 31 December 2016 of $9.8M. Since balance date, PMP extended its standalone debt facilities with ANZ to December 2017.

Capital Management

A final dividend (unfranked) for fiscal 2016 was paid in October 2016 for 2.4 cents per share.

As advised in October 2016, given the merger and subsequent cost out plan, the company's capital management policy has been put on hold for twelve months from completion.

Following finalisation of the merger, PMP now has comfort (based on recent advice) that the merged company will have approximately $60M of franking credits upon completion, available for distribution.

OUTLOOK

Once the merger completion occurs in early March, the merged group will move quickly to finalise and execute a transformation/integration plan.

On a merged group basis, taking into account PMP's weaker first half EBITDA, IPMG's expected trading over the four months following completion and the latest synergy savings from March to June 2017, EBITDA guidance (pre significant items) for FY17 is in the range of $36M - $41M.

It is anticipated that the annualised savings from transformation will be circa $55M. This is $15M higher than expected when the transaction was announced in October 2016 at a new one off cash cost of circa $80M vs. the original of $65M. The cash cost spend is expected to occur between March 2017 and June 2018. Annualised full year EBITDA (pre-significant items) on a pro-forma basis is forecast to be $90M to $100M from FY19, subject to market conditions.

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