



PMP Limited
**INVESTOR
PRESENTATION**

Results for the 6 months ended 31 December 2009

18 February 2010

*Richard Allely CEO
Phillip Elbourne CFO*

2010 Half Year Results Agenda

1. Overview 1H Performance – Richard Allely
2. Financial Performance – Phillip Elbourne
3. Business Unit Review – Richard Allely
4. Outlook – Richard Allely
5. Questions



Overview 1H Performance

Richard Allely CEO

Highlights

- Solid reduction in net debt position
- Strong operating cash flow
- 1H operating earnings target achieved
- Transformation program – phase II well underway
- Restructured & re-energised Letterbox Distribution business
- Launch of Treeet.com.au

Lowlights

- Significant market share loss in Letterbox Distribution business
- Volume decline in web heat-set printing – both Australia & New Zealand
- Competitive rivalry continues to challenge margins



Financial Performance

Results for the 6 months ended 31 December 2009

Phillip Elbourne CFO

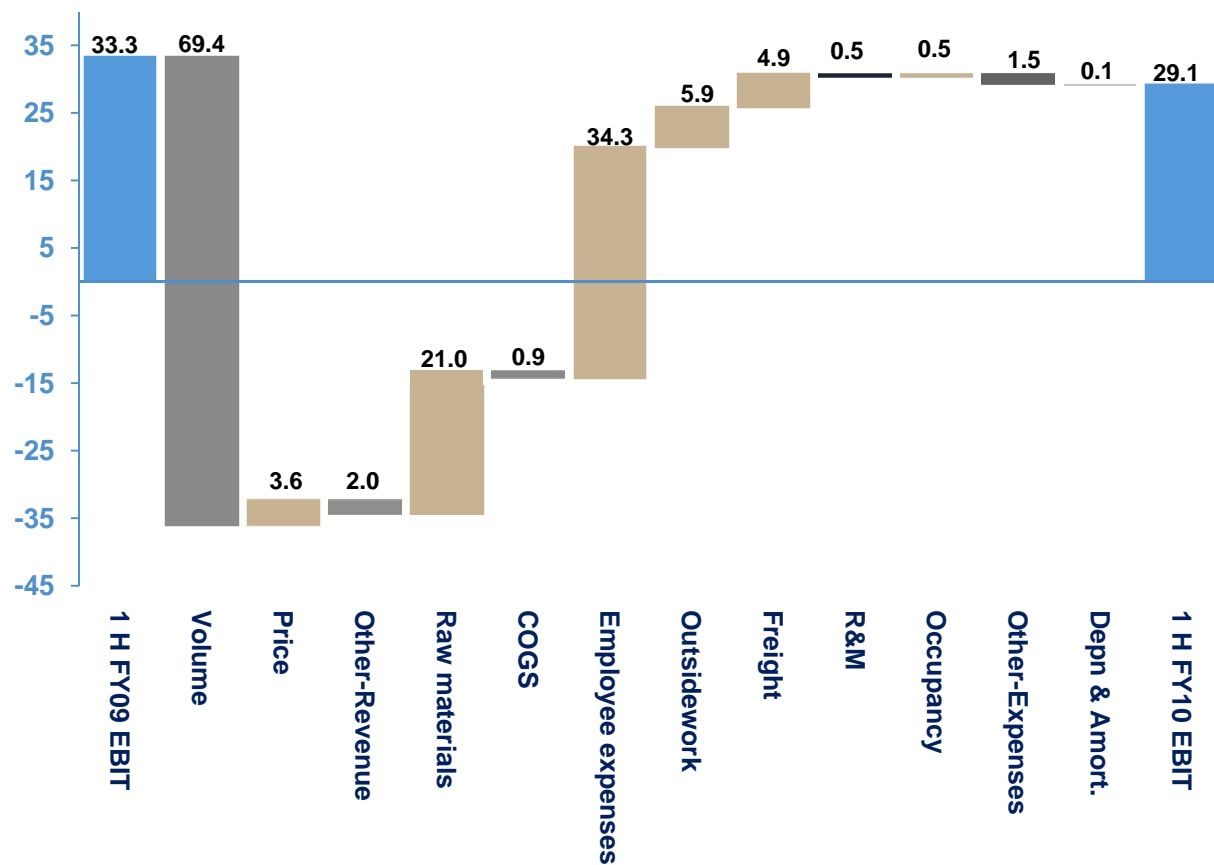
Results Overview

Income statement - 1H FY10

\$m	1H FY10	1H FY09	Change
Revenue (Operating Revenue)	645.4	713.2	(9.5%)
EBITDA (before significant items)	49.5	53.6	(7.7%)
Depreciation & Amortisation	(20.4)	(20.3)	(0.4%)
EBIT (before significant items)	29.1	33.3	(12.6%)
Borrowing Costs	(9.3)	(9.8)	4.4%
Borrowing Costs - mark to market	3.0	(11.4)	>>
EBT (before significant items)	22.8	12.1	88.4%
Income Tax expense	(7.1)	(3.7)	(91.9%)
Net Profit (before significant items)	15.7	8.4	86.9%
Significant items (before tax)	(2.8)	(28.1)	90.2%
Income tax on significant items	0.8	8.5	(90.6%)
Net profit /(loss)	13.7	(11.2)	>>

Results Overview

Change in EBIT – underlying cost drivers (\$m)



Cash Flow Overview

Cash flow statement – 1H FY10

\$m	Half year ended 31 December	
	1H FY10	1H FY09
EBITDA (before significant items)	49.5	53.6
Less: Cash Significant items	2.7	10.7
Add: Other non-cash items	0.6	0.2
EBITDA (cash)	47.4	43.1
Borrowing costs	(9.3)	(9.3)
Income tax paid	1.5	(2.6)
Net movement in Working Capital	5.3	(31.9)
Cash flow (used in)/from Operating Activities	44.9	(0.7)
Cash flow applied to Investing Activities	(17.6)	(33.1)
Free cash flow (before financing activities)	27.3	(33.8)

- Working capital improvement on lower paper stocks

Balance Sheet

Balance sheet – 31 December 2009

\$m	Dec-09	Jun-09	Dec-08
Receivables	124.4	140.5	148.0
Inventories	76.0	88.4	126.9
Property, Plant & Equipment	356.3	358.5	382.6
Intangibles	120.9	118.3	119.6
Deferred Tax Assets	72.9	80.2	72.2
Other Assets	20.9	18.5	28.9
Net Debt	(183.8)	(208.4)	(248.1)
Other Liabilities	<u>(221.0)</u>	<u>(244.3)</u>	<u>(253.3)</u>
Net Assets	<u>366.6</u>	<u>351.7</u>	<u>376.8</u>

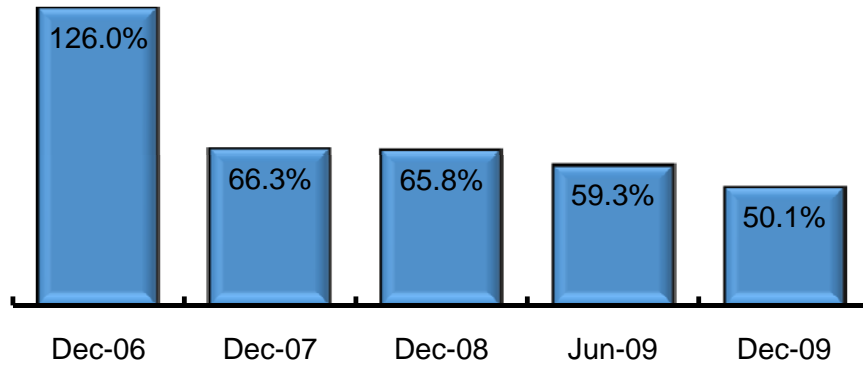
- Reduction in receivables is due to lower revenues
- Inventory optimisation, including reduction in range of paper held
- Net debt down \$24.6m due to improved EBITDA (after significant items) and working capital management

Current Debt Facilities

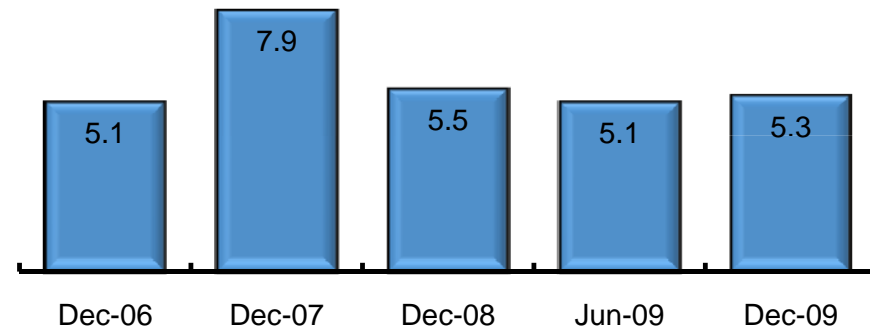
- **Total facility size = \$267.9m**
- **Facility amount drawn at 31 Dec 2009 = \$215.9m**
- **\$225m syndicated facility matures May 2012 (ANZ, CBA, Rabo & TD)**
Next amortisation of \$20m due June 2010, \$25m due June 2011
- **\$42.9m 364 day facility matures May 2010 (ANZ & CBA)**
Banks have agreed to extend until April 2011
- **Average interest rate hedge at 31 December 2009 – 6.19%**
- **Average level of debt hedged – 70.5%**

PMP is comfortably geared

Debt to Equity
Debt/Equity



Interest Cover
EBITDA/Interest expense





Business Unit Review

Richard Allely CEO

Business Unit review

1. Print Australia
2. Distribution Australia
3. Gordon & Gotch Australia
4. Digital Premedia
5. New Zealand Operations



Print Australia

Highlights

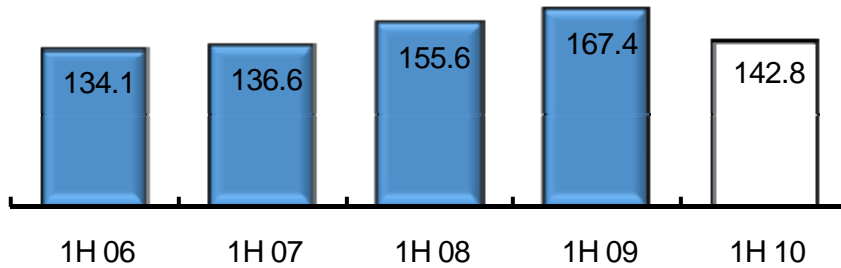
- Significant long term contract renewals
- New and experienced management team now in place
- Production KPI's improving
- Transformational phase II underway
- Griffin books volume up on pcp

Lowlights

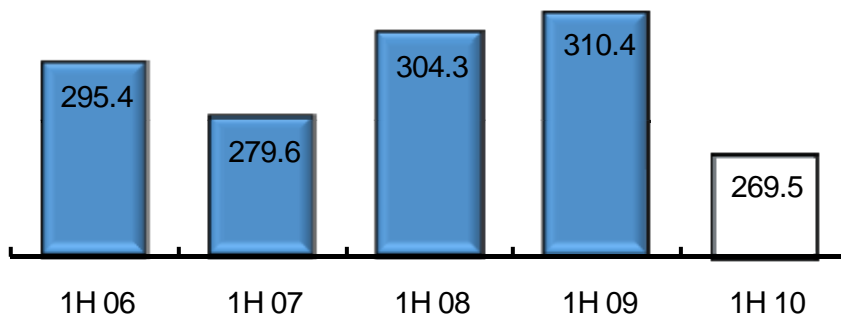
- Web heat-set volume down 16.6% on pcp
 - Market share loss (due to price)
 - Volume decline on existing contracts

Print Australia

Converted Tonnes
(000's)



Revenue
\$m



Converted tonnes decreased 14.7%; driven by loss of volume in:

- Magazines 10.2%
- Catalogues 19.1%
- Directories 12.3%

Revenue decrease of 13.2%; driven by decrease in converted tonnes due to:

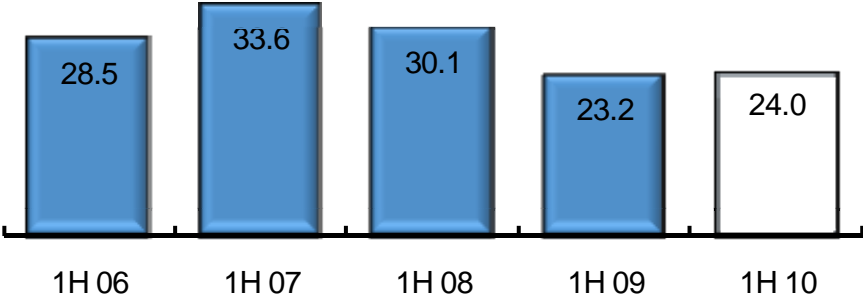
- Market share loss – price
- Lower volume from existing customers

Offset by:

- 13.2% volume increase in Books (Dan Brown novel 1H FY10)
- Increased price on new contracts

Print Australia

EBIT
\$m



EBIT – notwithstanding lower revenues, increased marginally by \$0.8m due to:

- Reduction in paper and labour costs
- Reduction in outside work
- Reduction in freight and delivery costs (incl. reduced penalty costs)



Distribution Australia

Highlights

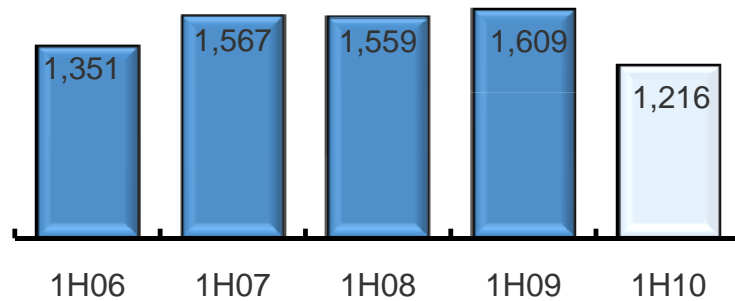
- New & re-energised management team in place
- Network operating model re-design complete & implementation underway
- Business Development teams – in place nationally & now well equipped

Lowlights

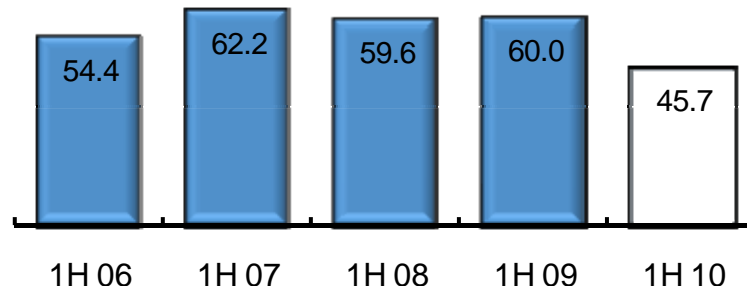
- Significant loss of market share

Distribution Australia

Distributed Items (millions)



Revenue \$m



Revenue down \$14.3m (23.8%) due to:

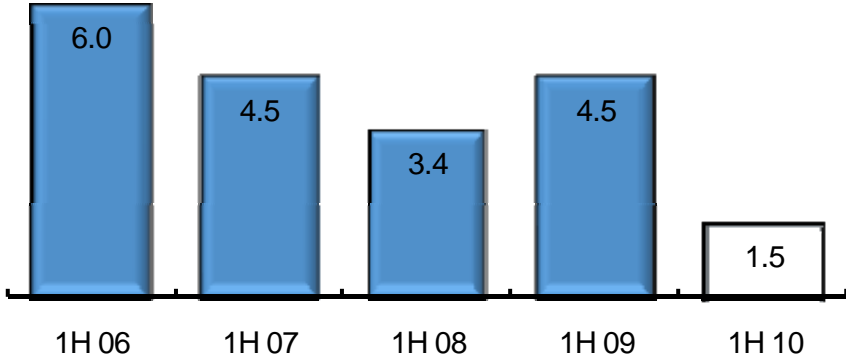
- Loss of contracted customers - \$11.3m
- Lower volumes from existing customers - \$7.4m

Offset by:

- Revenue from new customers - \$4.4m

Distribution Australia

EBIT
\$m



EBIT down 65.7% due to:

- Loss of market share



Gordon & Gotch Australia

Highlights

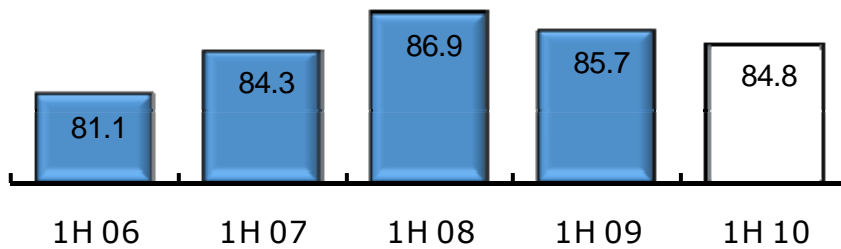
- Launch of Treet.com.au
- Significant new business wins (2H impact)
- National call centre now in place
- Warehouse consolidation program completed

Lowlights

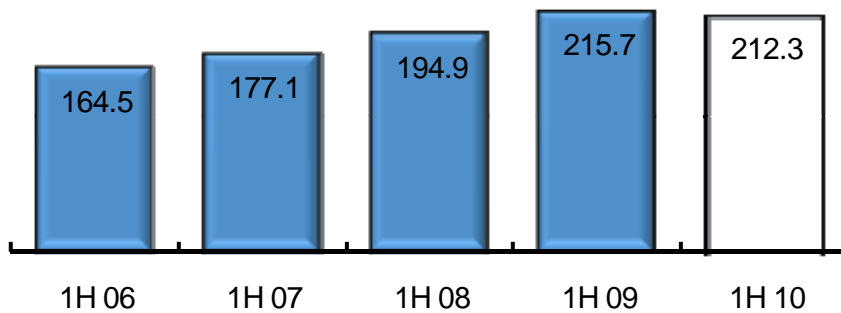
- Book distribution (Scribo) volume down
- Lower level of magazine circulation

Gordon & Gotch Australia

Units Delivered
millions



Revenue
\$m



Revenue down 1.6% due to:

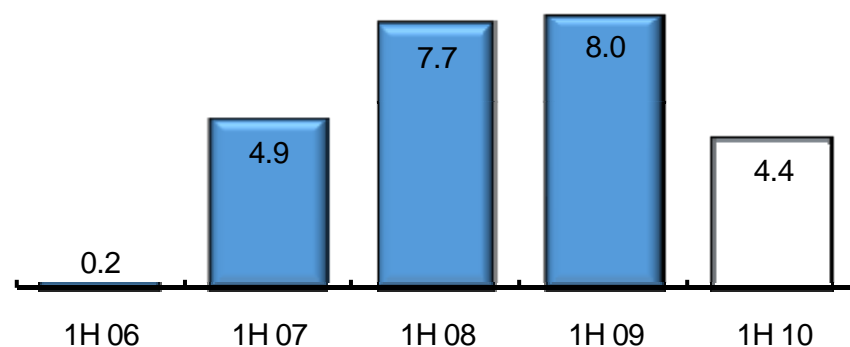
- Decrease in book distribution revenues due to lack of top selling titles
- Decrease in magazine circulation levels

Offset by:

- Improved returns management process

Gordon & Gotch Australia

EBIT
\$m



EBIT down 45.7% due to:

- \$1.9m drop in book distribution EBIT due to revenue decline
- Unfavourable FX hedging on imported magazines
- Sales mix favoured lower margin products

Offset by:

- Reduction in labour and warehousing costs from completion of Scribo integration



PMP Digital Premedia

Highlights

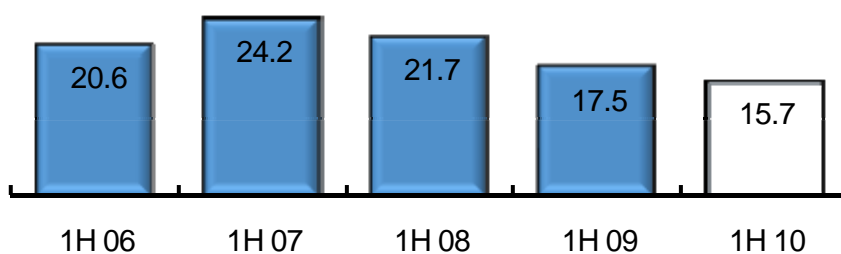
- Dimension Studios (photographic business) sets high standards
- DLibrary business delivered improved earnings

Lowlights

- Micromarketing business impacted by lower customer spending

Digital Premedia

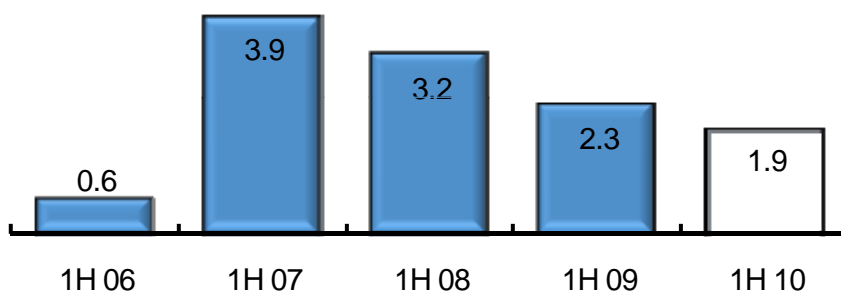
Revenue
\$m



Revenue down 10.3% to \$15.7m due to:

- reduced activity from a number of key customers

EBIT
\$m



EBIT down 13.7% to \$1.9m due to:

- decline in revenue partially offset by lower employee and overhead costs

PMP New Zealand

Highlights

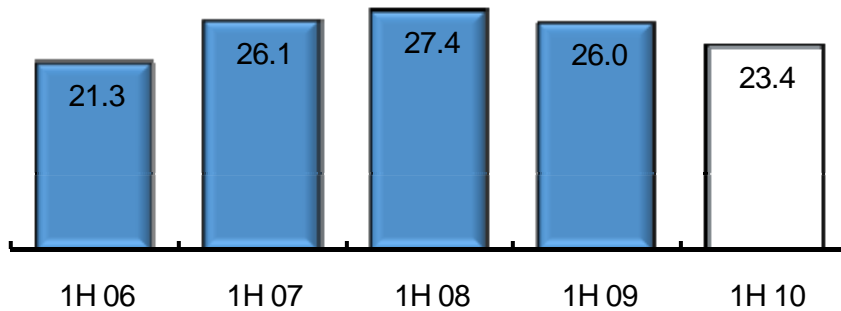
- IMD acquisition complete providing Gordon & Gotch NZ with additional volume
- Re-signed a number of major long-term customer contracts

Lowlights

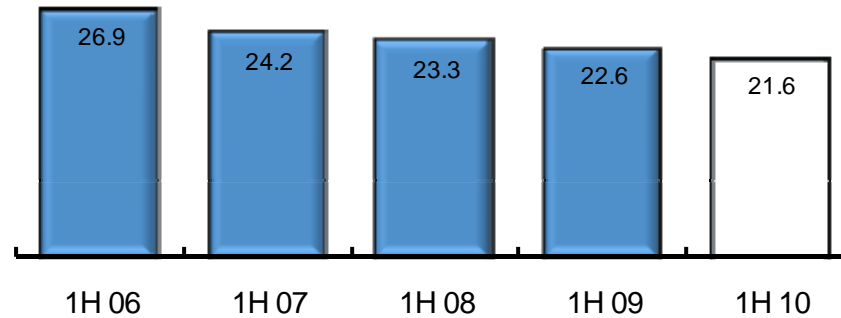
- New Zealand economy continues to be challenging (lower volumes across all operations)
- FX hedges unfavourable impact on paper costs

PMP New Zealand

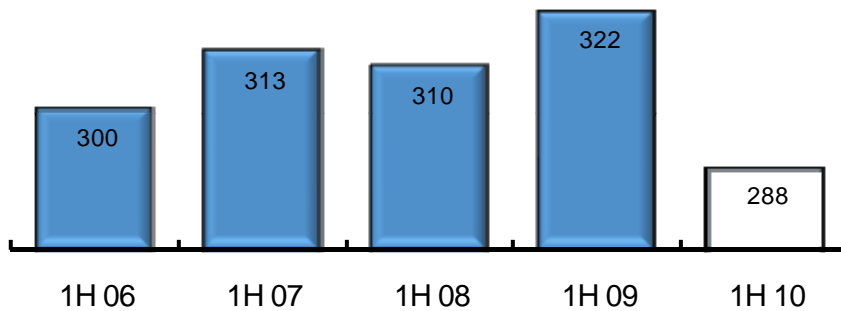
Print converted Tonnes
000's



Gordon & Gotch units delivered
millions



Distribution units delivered
millions



Distribution units down 10.5% due to:

- market share loss as well as lower business from existing customers.

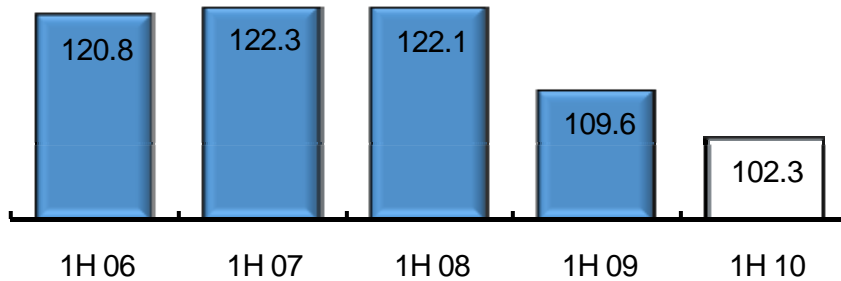
Print volumes declined 10.1% due to:

- loss of contracts as well as drop in business from existing customers.

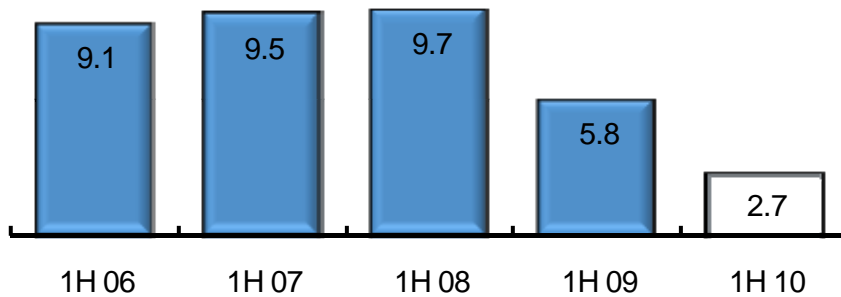
Gordon & Gotch volumes down 5% reflecting the market conditions.

PMP New Zealand

Revenue \$m



EBIT \$m



Revenue decreased by \$7.3m (6.7%).

Heat-set volumes down 10.1% due to:

- Lower volumes from existing customers
- Lost business

Distribution volumes down 10.5% due to:

- Lost business

Magazine volumes down 4.7% due to:

- Poor market conditions

Offset by:

- New Accounts won on Print business \$1.2m

EBIT decreased by 53.0% to \$2.7m due to:

- Lower selling price in Print
- Increased paper costs due to unfavourable FX hedging

Offset by:

- Reduction in labour and general overheads.



Outlook

Richard Allely, CEO

Outlook – EBIT range \$52m - \$55m

- 2H will benefit from ongoing business improvement programs
- Market conditions should improve slightly
- Expect further reduction in net debt at 30 June 2010
- Australian paper exit likely to push paper costs higher in 2H
- Continued pressure on selling prices
- Possible further restructuring in 2H pending EBA negotiations



Questions



Disclaimer

The material in this presentation is a summary of the results of PMP Limited (PMP) for the six months ended 31 December 2009 and an update on PMP's activities and is current at the date of preparation, 11 February 2010. Further details are provided in the Company's half year accounts and results announcement released on 18 February 2010.

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