PMP LIMITED

Investor Presentation

Results for the 6 months ended 31 December 2010

17 February 2011

- Richard Allely, CEO
- Geoffrey Stephenson, CFO

2011 Half Year Results - Agenda

1. Overview of H1 FY11 Performance – Richard Allely
2. Financial Performance – Geoffrey Stephenson
3. Business Unit Review – Richard Allely
4. Outlook – Richard Allely
5. Questions

Half Year Performance Overview

Richard Allely, CEO

Half Year Performance Overview

PMP LIMITED

- Safety
  - Employee Health and wellbeing program initiated
  - Safety Reward & Recognition program launched
- EBIT* at $32.2M in line with market guidance
  - EBIT up 7.8% YOY:
    - Higher EBIT at Print and PMP NZ
    - Declines in Digital and Scribo
- Transformation plan commenced
  - New Auckland site secured
  - H1 booked $39.5m of significant items
  - APN Print contract commenced Dec 10
- Lower debt levels (now $142.6M)
  - Debt down from $168.1m at June 10
- Further improvement in gearing
  - Debt to Equity now at 40.3% (vs 44.8% in June 10)

* Before significant items

H1 Significant Items

- **Transformation plan on track:**

  - Booked $20.3m significant items in H1

  - In line with AGM guidance

  - New Heatset site secured in Auckland

- **Scribo Impairment**

  - Conservative decision to do full write-off of intangible value $19.2M (vs $10M-$15M announced at AGM)

  - Strategic review near completion

Financial Performance

Results for the 6 months ended 31 December 2010

Geoffrey Stephenson, CFO

Income Statement

$m	1H FY11	1H FY10 #	Change
Revenue (Operating Revenue)	621.9	645.4	(3.7%)
EBITDA (before significant items)	53.9	50.2	7.3%
EBIT (before significant items)	32.2	29.9	7.8%
Net Profit (before significant items)	17.1	16.2	5.6%
Significant items post tax	(31.9)	(1.9)	
Net (loss)/profit (after significant items)	(14.8)	14.3	

FY10 numbers have been restated for change in accounting policy on Defined Benefit plan

1H FY11 Group Performance

$m	1H FY11	1H FY10	%
EBIT*	32.2	29.9	7.8%
EBIT/Sales	5.2%	4.6%	
Net Profit after tax (pre sig. items)	17.1	16.2	5.6%
EPS (cents)	(4.4)	4.3	
Free Cash flow ($m)	25.5	24.6	3.7%
Return on Funds Employed**	10.4%	8.8%	

* EBIT is before significant items and FY10 numbers restated Defined Benefits plan.
** Annualised by including previous half year earnings.

Significant items – 1H FY11

Announced at AGM $m		H1 Booked $m	Balance $m	Total $m
29.0	Transformation plan	20.3	8.7	29.0
10-15	Impairment of Scribo	19.2	0.0	19.2
39-44	**Total Sig. Items**	**39.5**	8.7	48.2
15.0	Cash Sig.items	9.5*	5.5	15.0
14.0	Non-cash Sig.items	10.8	3.2	14.0
		20.3	**8.7**	**29.0**

* $1.5m has been paid out as of 31 Dec

Significant items – 1H FY11

$m	Before Tax	Tax benefit	After tax
Site relocations - cash	3.3	(1.0)	2.3
Redundancies - cash	4.7	(1.4)	3.3
Onerous lease - cash	1.5	(0.4)	1.1
Cash Sig.items	**9.5**	**(2.8)**	**6.7**
Asset impairments as part of restructure	5.2	(1.5)	3.7
Impairment of Scribo	19.2	(1.6)	17.6
Write down of assets held for resale	5.6	(1.7)	3.9
Non-cash Sig.items	**30.0**	**(4.8)**	**25.2**
Total	**39.5**	**(7.6)**	**31.9**

Balance Sheet Statistics – 31 Dec 2010

$m	Dec -10	Jun -10	Dec -09
Total Assets ($m)	768.6	792.8	804.5
Shareholders Funds ($m)	354.2	374.9	366.6
Net Debt ($m)	142.6	168.1	183.7
Debt to equity (%)	40.3%	44.8%	50.1%
Interest cover (x times)	7.1	5.3	5.4
Trade Working Capital ($m)	48.8	44.2	42.6
Working Capital/Sales (%)	4.1%	3.6%	3.5%
Return on Funds Employed*	10.4%**	9.5%**	8.8%**

* EBIT Before significant items
** Annualised by including previous half year earnings

Transformation Plan Cash flows

Announced at AGM	Cash Spend ($m)	YTD Dec-10	Balance
15.0	Significant items	1.5	13.5
30.0	Capex	6.0	24.0
45.0	**Total**	**7.5**	**37.5**

- Balance of cash flows to be spent in H2 FY11 and H1 FY12

Cash flow statement

$m	1H FY11	1H FY10
EBITDA (Before significant items)	53.9	50.2
Less: Cash Significant items	(1.5)	(2.7)
Add: Other non-cash items	0.2	0.6
EBITDA (cash)	**52.6**	**48.1**
Borrowing costs	(7.3)	(9.3)
Income tax refunds/(paid)	(0.8)	1.5
Net movement in working capital	(3.1)	4.6
Cash flow from operating activities	**41.4**	**44.9**
Dividends paid	(3.4)	-
BAU Capex spend	(10.9)	(15.5)
Capex for Transformation and acquisitions	(6.0)	(2.1)
Gain/(Loss) on translation of NZ Debt	4.4	(2.7)
Free Cash flow	**25.5**	**24.6**

Current Debt Facilities

- Total facility size = $248m
  - $180m syndicated facility matures May 2012
  - $68m matures in Q4 2011
- Net debt at 31 December 2010 = $142.6m
- Debt/EBITDA strengthened to 1.48x(Dec-10) from 1.81x(Jun-10)
- Refinancing to be completed in H2 FY11

Business Unit

Review

Richard Allely, CEO

PRINT AUSTRALIA

Business Unit Review – Print Australia

($m)	1H FY11	1H FY10	Variance (%)
Revenue	246.4	269.5	(8.6%)
EBIT*	30.1	24.0	25.4%
EBIT* ratio	12.2%	8.9%	

Comment:

- Lower pagination from existing customers and exited low margin contracts.
- Lower operational and input costs and freight/logistics efficiencies

* Before significant items

Business Unit Review – Print Australia

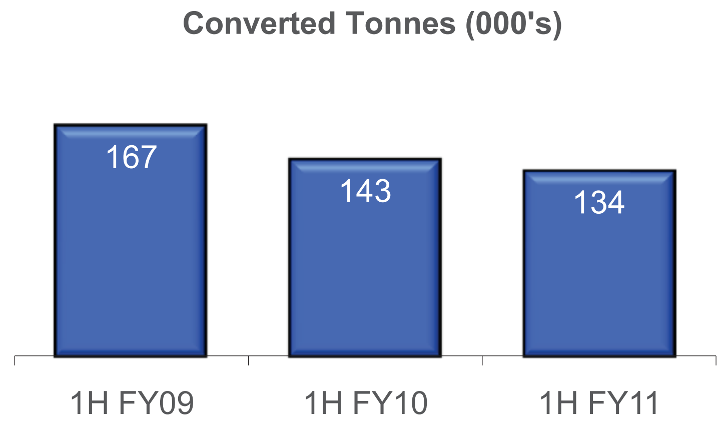
Highlights

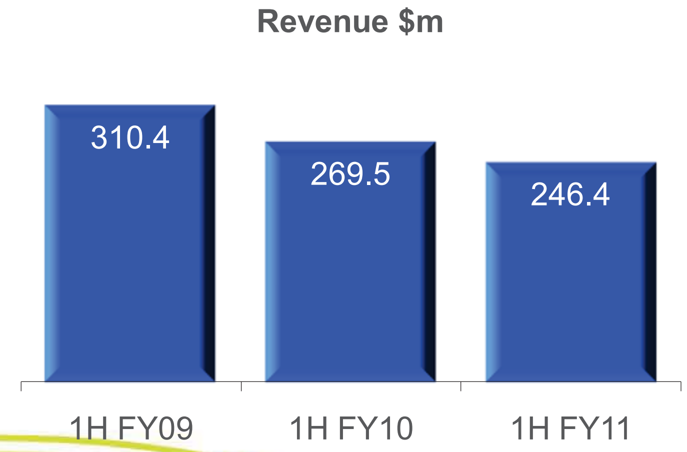
- Long term contract renewals and held market share in catalogue sector with key customers
- Focus on manufacturing excellence has improved production efficiency – more to come

Key issues

- Strong AUD has impacted book reprints
- Directory printing volumes down

Business Unit Review – Print Australia





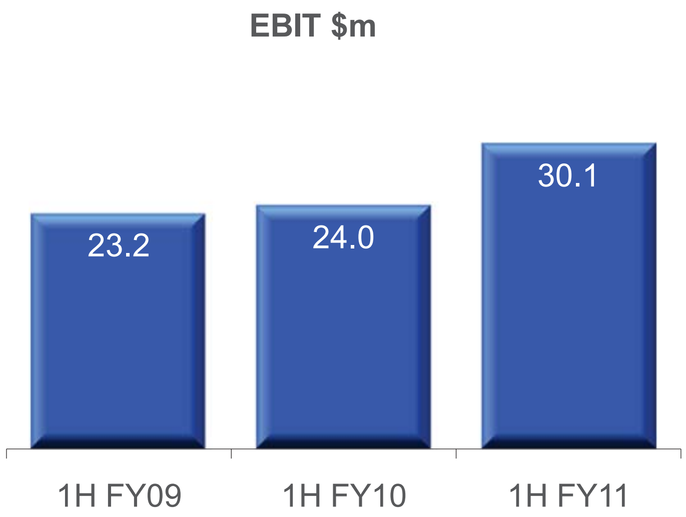
Print volume decreased by 5.8%:

- Magazines – 5.4% ↓
- Catalogues – 3.4%↓
- Directories – 8.3% ↓
- Books – 23.1% ↓

Revenue decrease of 8.6%:

- Reduction in pagination / circulation
- Lower average selling price
- Exit of low margin work

Business Unit Review – Print Australia



EBIT has increased by 25.4% despite the drop in volumes. This is attributed to:

- Freight and Logistics efficiencies
- Reduction in support costs
- Lower R&M
- Improved manufacturing performance has reduced outside work

DISTRIBUTION AUSTRALIA

Business Unit Review – Distribution Australia

($m)	1H FY11	1H FY10	Variance (%)
Revenue	48.5	45.7	6.2%
EBIT*	1.4	1.5	(8.6%)
EBIT* ratio	2.9%	3.4%	

Comments:

- Increased market share to 35%
- Successfully launched state of the art PMP Delivery Tracking System
- Significant improvement in network efficiency

* Before significant items

Business Unit Review – Distribution Australia

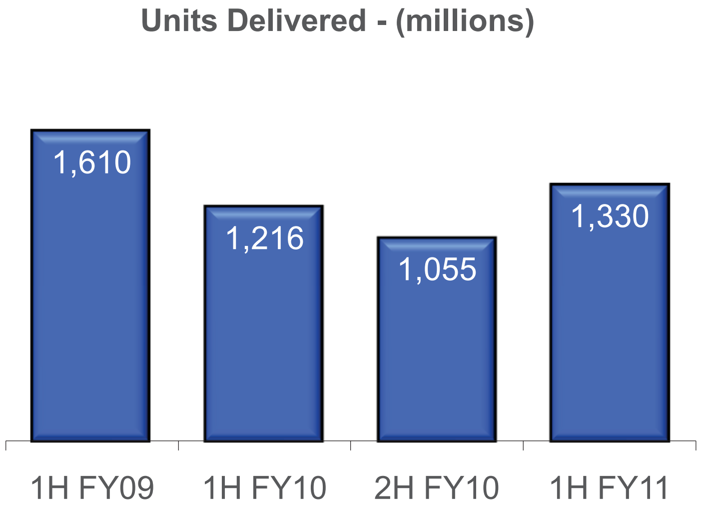
Highlights

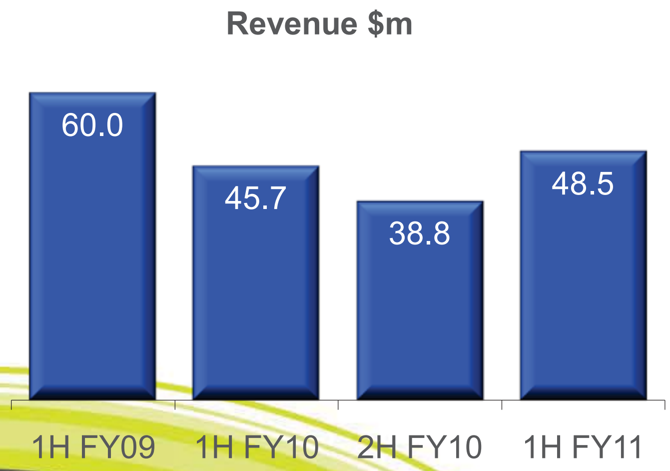
- Market share increase from 30% to 35%
- Return to profitability

Key Issues

- Continue to grow market share
- Leverage the benefits of the fully integrated real time delivery tracking capability

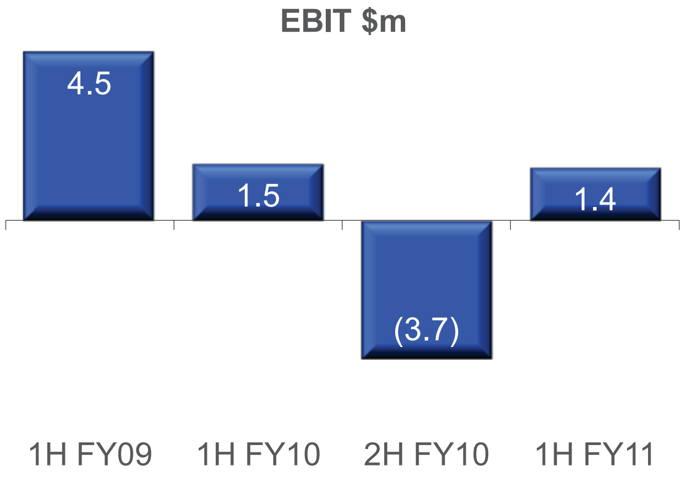
Business Unit Review – Distribution Australia





Revenue up 6.2% ($2.8m) due to increase in units delivered by 9.4%, partially offset by lower average sell price.

Business Unit Review – Distribution Australia



EBIT decreased by $0.1m YOY :

- Increase in revenue $2.8m derived from higher volumes

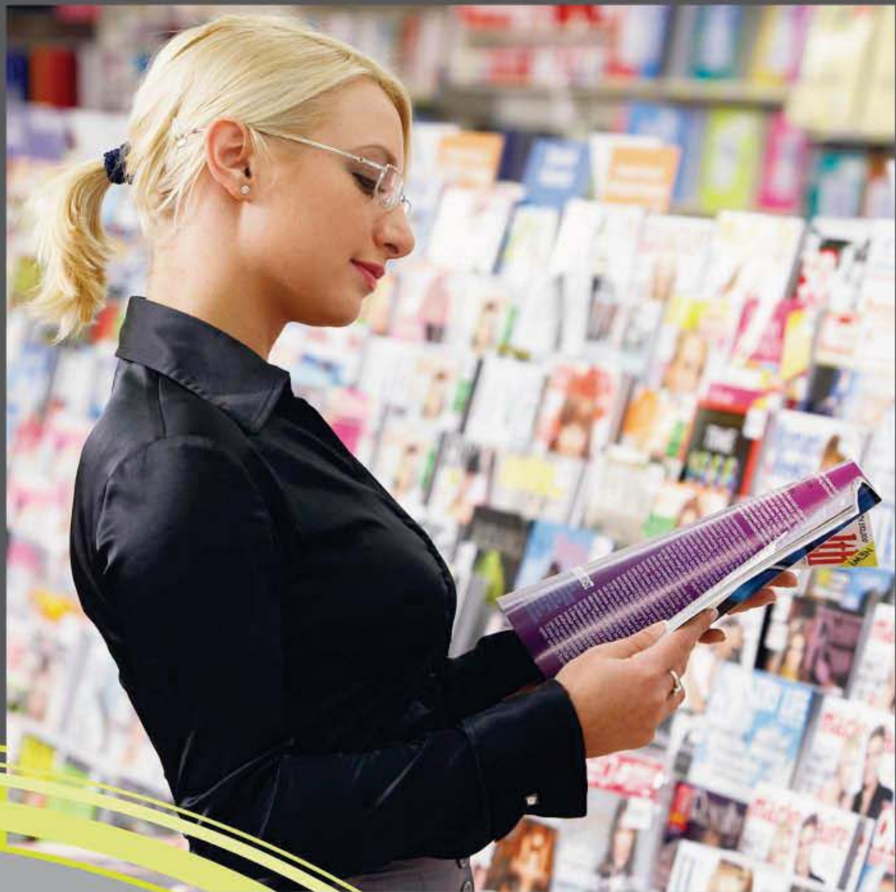
- $5.1m favourable EBIT turn around this calendar year

  2H FY10 EBIT ($3.7m) v

  1H FY11 EBIT $1.4m

- Expect H2 will improve on these gains

GORDON AND GOTCH AUSTRALIA



Business Unit Review – Gordon & Gotch Australia

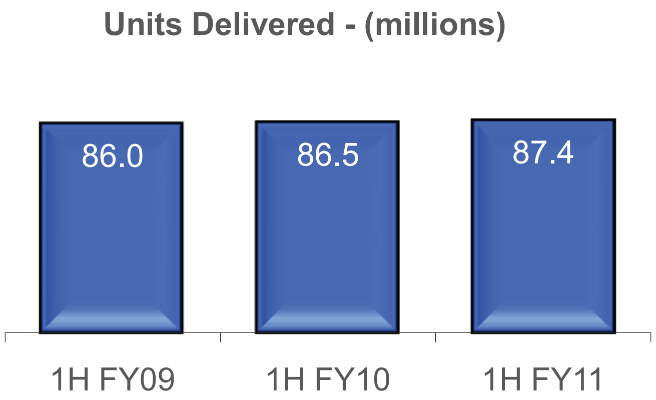
($m)	1H FY11	1H FY10	Variance (%)
Revenue	215.8	212.3	1.7%
EBIT*	2.7	4.4	(37.5%)
EBIT* ratio	1.3%	2.1%	

Comments :

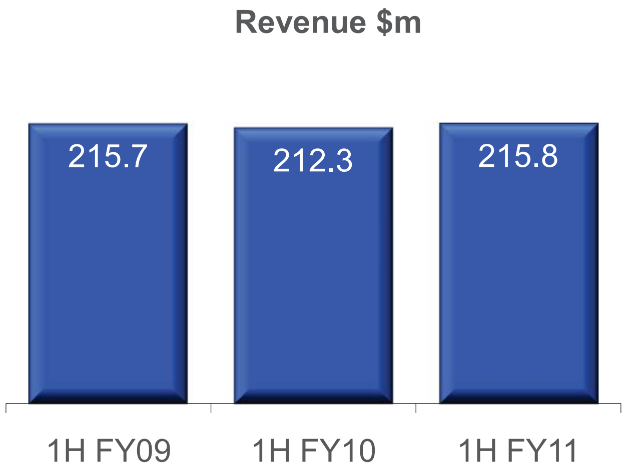
- Scribo book distribution business operated at a loss of $1.3m($0.3m loss in 1H FY10) due to reduced titles.
- Continuing decline in magazine circulation (volume reduction)
- Escalation of freight costs for Metro deliveries
- Revenue increase underpinned by closure of NDD and international volume migration to G&G

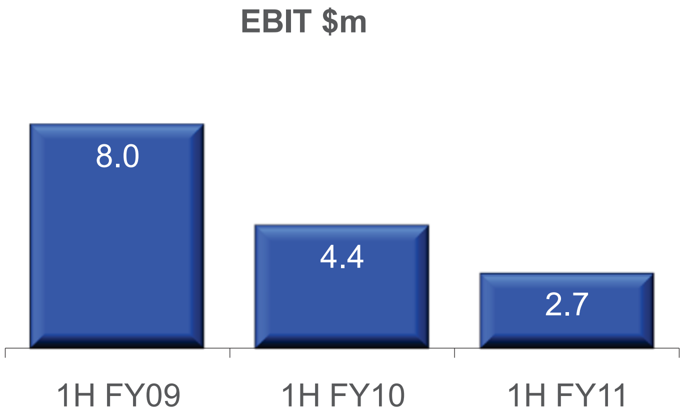
* Before significant items

Business Unit Review – Gordon & Gotch Australia



- **Revenue** increase of 1.7% is primarily in new business in both local and imported magazines.
- **EBIT** decrease of 37.5% is due to continued decline in the book market & increased freight costs.





DIGITAL PREMEDIA

Business Unit Review – Digital Premedia

($m)	1H FY11	1H FY10	Variance (%)
Revenue	15.0	15.7	(4.5%)
EBIT*	0.2	1.9	(88.3%)
EBIT* ratio	1.5%	12.4%	

Comments:

- Revenue marginally down due to timing of new business and renewals on licensed solutions.
- Reduction in EBIT primarily driven by timing difference between new revenue generation by Dmarketer ahead of amortisation costs

* Before significant items

PMP NEW ZEALAND

Business Unit Review – PMP New Zealand

PMP LIMITED

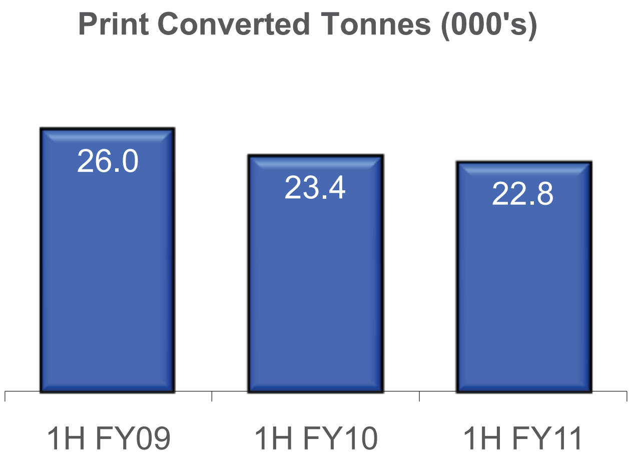
($m)	1H FY11	1H FY10	Variance (%)
Revenue	96.1	102.3	(6.0%)
EBIT*	2.8	2.7	1.2%
EBIT* ratio	2.9%	2.7%	

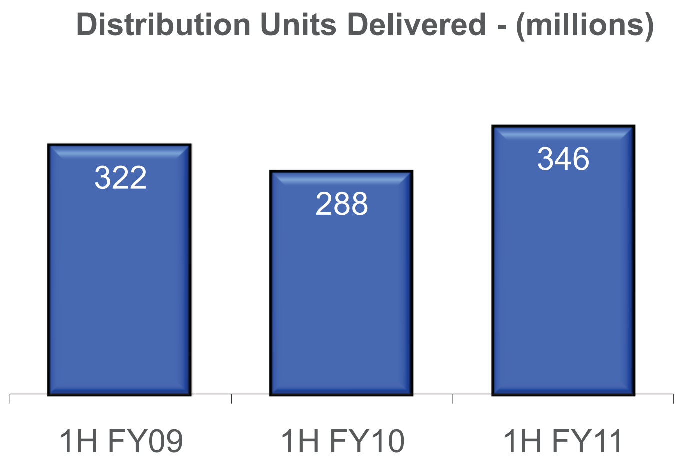
Comments:

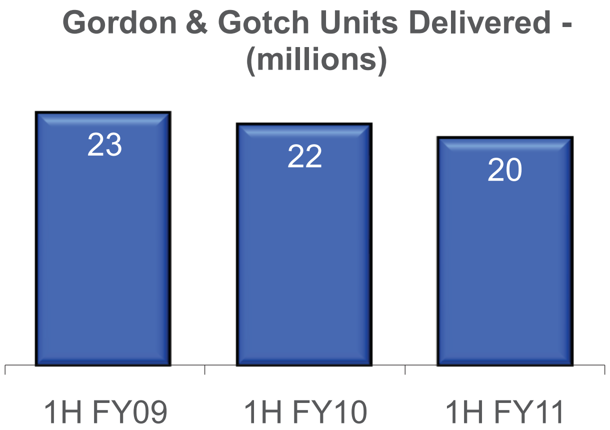
- Transformation Plan announced in Nov 2010 is progressing to plan
- Secured APN contract and former APN customer volumes offsetting loss of ACP volumes
- Financial performance slightly ahead of last year despite lower revenue
- Economy remains soft, especially retailing and housing construction

* Before significant items

Business Unit Review – PMP New Zealand







Print converted tonnes down 2.5% due to loss of ACP in Oct/Nov, since recovered by APN work

Distribution volumes up 22% to record levels driven by increased activity from key Retail customers and run-rate from FY10 wins

Gordon & Gotch volumes down 6% due to ongoing soft retail magazines sales

Outlook

Richard Allely

Outlook

- Notwithstanding the impact on revenue and earnings of the natural disasters in Queensland, Victoria and Northern NSW, EBIT before significant items expected to be in the range of $56m to $60m
- Net Debt at June 2011 expected to be below 2010 level circa $160M
- Continue market share gain in letter box distribution (Australia)
- Continue earnings momentum in Australian Print business

Questions

Disclaimer

The material in this presentation is a summary of the results of PMP Limited (PMP) for the six months ended 31 December 2010 and an update on PMP's activities and is current at the date of preparation, 17 February 2011. Further details are provided in the Company's full year accounts and results announcement released on 17 February 2011.

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