

17 September 2015

ASX Announcement

SUCCESSFUL BOND OFFERING AND CAPITAL MANAGEMENT INITIATIVES

In announcing the new bond, PMP's CEO Peter George, said: "I am delighted to announce that PMP has issued a 4 year \$40 million unsecured corporate bond with a fixed coupon of 6.43% p.a. The total proceeds are to be applied towards the repayment of the company's existing bond on the first optional redemption date 23 October 2015."

The new bond provides PMP with the following advantages:

- reduces the coupon payable from 8.75% to 6.43% (an annualised saving of \$0.9 million in interest);
- allows the company to return to shareholders up to 100% of NPAT pre significant items compared to 50% under the current bond – hence enables the company to distribute an additional \$6.2 million to be paid out of FY15 NPAT pre significant items;
- improves flexibility to participate in industry consolidation as and when rationalisation occurs; and
- strengthens financial position with a 4 year term.

The new bond also provides the company with continued financing support to fund its working capital requirements. Each year the company has a working capital build in the lead up to the busy trading period pre Christmas of circa \$25 to \$30 million.

The current bond restricts returns to shareholders to 50% NPAT pre significant items. The new bond allows the company to return up to 100% of NPAT pre significant items each financial year with payment(s) made in the then current or immediately following financial year (once the current bond is redeemed on 23 October 2015).

"We continue to believe that consolidation of the print industry should occur in the longer term, but with little prospect of this occurring in the immediate future, it is appropriate to return excess cash back to shareholders. As free cash flow is greater than NPAT pre significant items, the balance of cash will be retained in the business to facilitate the eventual repayment of the bond and/or industry consolidation." said Mr. George.

The Company is pleased to confirm that its capital management policy in the absence of any opportunities for consolidation is to distribute 100% of NPAT pre significant items each year. This will be done through a combination of dividends and share buybacks.



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In FY15 PMP made \$12.1 million of NPAT pre significant items and under the current bond it announced paying out circa 50% NPAT pre significant items or \$5.9 million as a 1.8cps dividend, which was close to the maximum distribution available. The remaining \$6.2 million could not be distributed under the current bond.

With the new bond issued today and following redemption of the current bond, PMP will be able to distribute that final \$6.2 million out of FY15 profits and intends to do so via a share buyback of up to circa \$6.2 million between 23 November 2015 and 30 June 2016.

The timing of this is due to the need to wait until the current bond is redeemed and the black out period relating to share trading before the AGM concludes. Essentially this is an additional one off initiative which follows the lifting of the restrictions under the current bond which prevented PMP from paying out all of the FY15 profits in August 2015.

This will complete the distribution of all of FY15 available profits.

PMP's policy in distributing 100% of FY16 and future years NPAT pre significant items subject to the usual qualifications of market conditions, trading performance etc, is that the Board intends to distribute at least 75% through dividends with the remaining balance through share buy backs. Interim and final dividends will be made off the half and full year results in April and October each year. Given prior tax losses, it is unlikely any further franking credits will be generated in the next 3 to 5 years.

This will commence in February 2016 with an interim dividend following the FY16 first half results.

When PMP advised in August 2015 that it expected to be net debt free by June 2016 this assumed the company would only pay out \$6 million in FY16. Following the issue of the new bond, the new capital management initiatives in FY16 means the company will take slightly longer to become net debt free.

As usual the company will provide guidance at the AGM in November on EBITDA, NPAT pre significant items and net debt/cash when we expect to have greater clarity on print loadings for the important pre Christmas period.

PMP's capital management program highlights our higher degree of confidence in the company's outlook and our ability to generate strong sustainable free cash flows for the foreseeable future.

The Lead Arranger for the transaction was FIIG Securities Limited and PMP was advised by 333 Capital. The offer was open to eligible professional and sophisticated investors in accordance with Part 6.D2 of the Corporations Act 2001 (Cwth).

FIIG Securities CEO Mark Paton said the strong demand for the issue highlighted investor support for PMP's transformation program. "The success of this issue, which follows PMP's \$50 million issue in October 2013, shows there is a deep and supportive investor base available for PMP to raise debt capital through repeated issues," Mr Paton said.



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A copy of the Information Memorandum and Pricing Supplement follow this announcement.

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