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PMP LIMITED

ABN 39 050 148 644

Results for the
12 months ended 30 June 2015

25th August 2015

Peter George, CEO
Geoff Stephenson, CFO

INVESTOR PRESENTATION



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2015 FULL YEAR RESULTS

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| Contents | Pages |
|-----------------------------|---------|
| FY15 Highlights | 3 - 10 |
| Reconciliation of EBITDA | 11 |
| Significant Items | 12 |
| Reconciliation of cash flow | 13 |
| Financial Highlights | 14 - 15 |
| Conclusions | 16 |
| Addendum | 17 - 24 |



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2015 FULL YEAR RESULTS : HIGHLIGHTS

Encouraging progress: key financial targets achieved and capital management commences

- Increased net profit after tax in fiscal 2015 at \$8.0M (up from \$3.4M last year)
- Major transformation programme largely completed
- PMP New Zealand performed well – EBIT ** up 11.9%
- Griffin Press sales up 13% pcp
- EBITDA* \$58.1M and EBIT** \$26.4M both above guidance
- Net Debt at historical lows - \$16.3M is down 68% pcp and better than guidance of \$19M
- Strong cash generation continues:
 - Free Cash Flow *** \$35.5M in fiscal 2015 and \$107m over last 3 years
- 1.8 cents per share dividend declared, 50% franked

* Earnings before Finance costs, Income tax, Depreciation and Amortisation and Significant items

** Earnings before Finance costs, Income tax and Significant items

*** Equals EBITDA (before significant items) less Interest paid, Income tax, Capital expenditure and movement in Working capital

3



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2015 FULL YEAR RESULTS : HIGHLIGHTS

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▪ Sales at \$811.7M



- Revenue lower 9.7%
 - Underlying sales in core business down 3.4%
 - Griffin Press revenue up 13.3% pcp
 - Catalogue print volumes in Aust up 1% (post exit of low margin contracts)

▪ EBITDA* at \$58.1M



- EBITDA down 8.4% pcp
- Strong EBIT outcome at PMP NZ, up 11.9% pcp
- EBIT** and EBITDA* ahead of market guidance

▪ Net Debt at \$16.3M



- Net Debt \$16.3M vs \$51.7M pcp
- Cash Interest paid \$3.4M lower pcp
- Cash Flow from Operations \$33.2M v \$35.5M pcp
- Free cash flow*** \$35.5M
- Net Debt to EBITDA* at 0.3x v 0.8x pcp
- Interest Cover 6.5x v 5.1x pcp

▪ Net Profit



- Net Profit (after sig items) of \$8.0m v. \$3.4m pcp
- Earnings per share**** higher at 3.7cps v 3.6cps pcp

▪ Dividend Declared



- Dividend declared 1.8 cents per share 50% franked

* Earnings before Finance costs, Income tax, Depreciation and Amortisation and Significant items

** Earnings before Finance costs, Income tax, Depreciation and Significant items

*** Equals EBITDA (before Significant items) less Interest paid, Income tax, Capital expenditure and movement in Working capital

**** EPS equals Net Profit after tax (before Significant items) / weighted average number of shares



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2015 FULL YEAR RESULTS : HIGHLIGHTS

- PMP has now largely completed its major transformation programme that started in 2012:
 - financial risk minimised and lower costs
- An increasing number of large customers are taking up our unique national bundled print and distribution solution = increase speed to market and lower costs
- The printing and distribution of catalogues both in Australia and New Zealand account for majority of EBITDA
- Catalogues continue to be a key marketing channel and effective media for driving sales for retailers
- Strong free cash flow reduces net debt

| \$M | <u>FY12</u> | <u>FY13</u> | <u>FY14</u> | <u>FY15</u> |
|------------------------|-------------|-------------|-------------|-------------|
| Free cashflow # | 18 | 28 | 44 | 35 |
| Net debt | 143 | 89 | 52 | 16 |

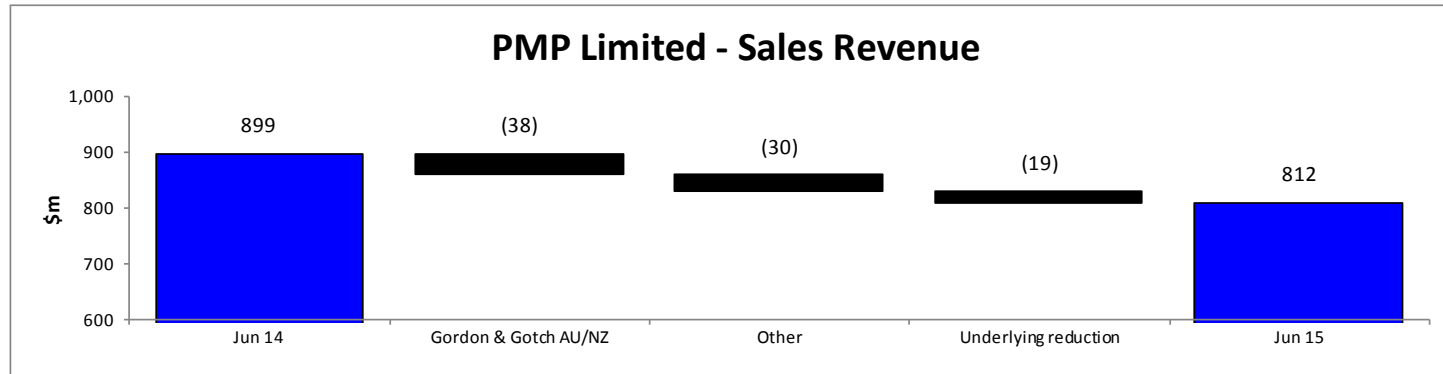
Free cashflow is defined as EBITDA (pre significant items) less interest paid, tax, capex and movement in working capital

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2015 FULL YEAR RESULTS : HIGHLIGHTS

Underlying sales revenue reduction - \$19m or 3.4%



- Sales revenue down 9.7% of which \$38M relates to Gordon and Gotch
- An additional \$30M of lower sales is due to
 - the exit of low margin catalogues, Directories run-off and a client buying their own paper
- Underlying reduction of \$19m or 3.4%



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2015 FULL YEAR RESULTS : HIGHLIGHTS

Catalogues are an effective way to reach a lot of people

13,572,000

Australians 14+
have read a
catalogue in the
last 4 weeks

10,362,000

Australians 14+ have
read a catalogue in the
last 7 days

6,541,000

Australians 14+ have
bought from a
catalogue in the last 7
days

Source: Roy Morgan Research Single Source (Australia): April 2014 – March 2015

7



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Catalogues are considered the first or second “Media Most Useful” in 54% of categories

Car parts and accessories, Home furnishings, Home entertainment, Kitchen/laundry appliances, Small electrical appliances, CDs/DVDs, Books, Toys, Cosmetics, Clothing, Children's wear, Groceries, Alcoholic beverages, Computers, Mobile phones/providers

Source: Roy Morgan Research Single Source (Australia): April 2014 – March 2015

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2015 FULL YEAR RESULTS : HIGHLIGHTS

| \$M | FY15 | FY14 | % |
|---|--------|--------|--------|
| Sales Revenue | 811.7 | 899.2 | (9.7%) |
| EBITDA (before significant items) | 58.1 | 63.4 | (8.4%) |
| Depreciation & Amortisation | (31.7) | (34.6) | 8.2% |
| EBIT (before significant items) | 26.4 | 28.8 | (8.6%) |
| Net Profit After Tax (before significant items) | 12.1 | 11.8 | 2.7% |
| Significant items post tax | (4.1) | (8.4) | 51.0% |
| Net Profit/ (Loss) (after significant items) | 8.0 | 3.4 | 134.7% |

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2015 FULL YEAR RESULTS : HIGHLIGHTS

| Key Metrics | FY15 | FY14 | % |
|---|---------------|--------|---------|
| Cash Flow from Operating activities (\$m) | 33.2 | 35.5 | (6.7%) |
| Free Cash Flow (\$m) * | 35.5 | 44.0 | (19.3%) |
| Net Debt (\$m) | (16.3) | (51.7) | 68.4% |
| EBITDA to Sales Revenue (%) | 7.2% | 7.1% | |
| EPS (before significant items) ** | 3.7 | 3.6 | |

* Equals EBITDA (before Significant items) less Interest paid, Income tax, capital expenditure and movement in Working capital

** EPS equals Net Profit after tax (before Significant items) / Weighted average number of shares

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2015 FULL YEAR RESULTS : Reconciliation of EBITDA

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| \$M | FY15 | FY14 | % |
|--|-------------|-------------|---------------|
| Statutory Profit/ (Loss) | 8.0 | 3.4 | |
| Income tax (expense)/ benefit | (3.6) | (4.7) | |
| Statutory Profit/ (Loss) before Income tax | 11.6 | 8.1 | |
| Significant Items (pre tax) | 6.0 | 9.1 | |
| Profit before significant items | 17.5 | 17.2 | 2.1% |
| Net finance costs | 8.8 | 11.6 | |
| EBIT (before significant items) | 26.4 | 28.8 | (8.6%) |
| Depreciation & Amortisation | 31.7 | 34.6 | |
| EBITDA (before significant items) | 58.1 | 63.4 | (8.4%) |



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2015 FULL YEAR RESULTS : SIGNIFICANT ITEMS

| \$M | Pre-Tax |
|---|------------|
| Redundancy costs | 5.7 |
| Property leases and Other costs * | 2.4 |
| Gross Cash Significant Items | 8.1 |
| Profit on Property Sale and Gain on Sale of Plant and Equipment | (3.7) |
| Net Cash Significant Items | 4.4 |
| Other costs | 1.6 |
| Non-cash Significant Items | 1.6 |
| Total Significant items | 6.0 |

* Includes \$228k booked in FY15, but not yet paid

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2015 FULL YEAR RESULTS : CASH FLOW

| \$M | FY15 | FY14 | Var \$ |
|--|-------------|-------------|--------------|
| EBITDA (Before significant items) | 58.1 | 63.4 | (5.3) |
| Borrowing costs | (8.1) | (11.5) | 3.4 |
| Income tax refunds/ (paid) | 0.0 | 0.3 | (0.3) |
| Net movement in working capital * | (9.1) | (3.0) | (6.1) |
| Trading Cash flow | 41.0 | 49.2 | (8.2) |
| Significant items | (7.8) | (13.7) | 5.8 |
| Cash Flow from Operations (Appendix 4E) | 33.2 | 35.5 | (2.4) |
| Asset sales | 8.4 | 10.7 | (2.3) |
| Capital Expenditure | (5.5) | (5.2) | (0.3) |
| Net Cash Flow | 36.1 | 41.1 | (5.0) |
| Gain/(Loss) on translation of NZ Debt | (0.7) | (3.7) | 3.0 |
| Reconciliation to Net Debt movement | 35.4 | 37.4 | (2.0) |
| Free Cash Flow ** | 35.5 | 44.0 | (8.5) |

* Includes a \$4m reduction in Gordon & Gotch negative working capital in FY15. Also includes \$3.5m of Onerous lease payments in FY15 (FY14 \$5.3M)

** Equals EBITDA (before significant items) less Interest paid, Income tax, Capital expenditure and movement in Working capital



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2015 FULL YEAR RESULTS : BALANCE SHEET METRICS

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| | Jun-15 | Jun-14 |
|---|--------------|--------------|
| Total Assets (\$m) | 471.6 | 502.7 |
| Shareholders Funds (\$m) | 272.0 | 264.8 |
| Net Debt (\$m) | 16.3 | 51.7 |
| Interest Cover (EBITDA*/Interest) times | 6.5 | 5.1 |
| Net Debt to EBITDA* (times) | 0.3 | 0.8 |
| Net Debt to Equity (%) | 6.0 | 19.5 |
| Net Tangible Assets per share (cps) | 0.76 | 0.73 |
| Trade Working Capital (\$m) | 49.2 | 48.7 |
| Debtor Days | 34.4 | 32.6 |
| Cash Conversion (%) ** | 70.5% | 77.6% |
| Return on Funds Employed (%) *** | 8.71% | 8.68% |

* Earnings before Finance Costs and Income tax, Depreciation and Amortisation and Significant Items

** Cash Conversion is calculated as Cash flow from operations (adjusted for Significant items) / EBITDA before Significant items

***ROFE equals EBIT (before Significant item) / Average funds employed

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2015 FULL YEAR RESULTS : Continual Improvement in Debt Profile

- FY15 net debt at \$16.3M which is down from \$143.3M when the Transformation program began in FY12
- Gearing of 0.3x has decreased from 1.9x in FY12
- Interest cover of 6.5x up from 4.9x in FY12
- 1.8 cents per share dividend declared (50% franked) - to be paid 6th October 2015
- Commenced evaluation of existing Bond to achieve:
 - lower coupon
 - seeking capability for higher distributions

* Earnings before Finance costs, Income tax, Depreciation and Amortisation and Significant items

15



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2015 FULL YEAR RESULTS : CONCLUSIONS

PMP has delivered expected results, dividend declared:

- transformation plan largely completed, encouraging progress to sustainable shareholder returns
- continued focus on core expertise of print and distribution
- another strong result from PMP New Zealand
- leverage at all time low
- print market showing some modest signs of improvement
- higher degree of confidence in ability to generate strong sustainable free cash flows for foreseeable future, subject to market conditions

- **Trading update to be provided at the AGM in November 2015**

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2015 FULL YEAR RESULTS : OPERATIONS SUMMARY

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| Sales Revenue (\$M) | FY15 | FY14 | Var \$ | Var % |
|------------------------|--------------|--------------|---------------|---------------|
| PMP Australia | 392.3 | 439.9 | (47.6) | (10.8%) |
| PMP New Zealand | 150.9 | 160.9 | (10.0) | (6.2%) |
| Gordon and Gotch Group | 268.5 | 298.4 | (29.9) | (10.0%) |
| TOTAL GROUP | 811.7 | 899.2 | (87.5) | (9.7%) |

| EBIT * (\$M) | FY15 | FY14 | Var \$ | Var % |
|------------------------|-------------|-------------|--------------|---------------|
| PMP Australia | 18.1 | 20.9 | (2.8) | (13.6%) |
| PMP New Zealand | 11.1 | 9.9 | 1.2 | 11.9% |
| Gordon and Gotch Group | 3.0 | 3.4 | (0.4) | (12.6%) |
| Corporate/Other | (5.9) | (5.5) | (0.4) | (6.8%) |
| TOTAL GROUP | 26.4 | 28.8 | (2.5) | (8.6%) |

* Earnings before Finance Costs and Income tax and Significant Items



2015 FULL YEAR RESULTS : HIGHLIGHTS

- PMP New Zealand performed well:
 - Heatset volumes up 2% and sheetfed sales up 3%, additional cost savings

- Griffin Press sales up 13% pcp

- PMP Australia:
 - Heatset print & distribution revenues down 11.6%:
 - after exit of loss making print contracts, Directories run-off and a print customer buying their own paper, underlying revenue reduction of 3.9%
 - Catalogue sell price stabilised
 - Catalogue volumes 5% lower:
 - after exit of loss making contracts, base business volumes up 1%
 - Distribution volumes down 8%:
 - insolvent customer and less frequency

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2015 FULL YEAR RESULTS

PRINTING BUSINESS

➤ Australia

- Lower catalogue volumes 5%
 - 6% due to decision not to re-sign negative and low margin contracts
 - 1% increase in base business volumes
- Catalogue sell price has stabilised
- Delivered on Transformation Plan savings
- Griffin Press sales volumes up – order volumes continue to grow

➤ New Zealand

- Improved profit across the business despite margin pressure, net increase in volume
- Sheetfed fully consolidated into broader business with growth in market share and profitability
- Strong cost control

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LETTERBOX DISTRIBUTION BUSINESS

➤ Australia

- Lower Distribution volumes 8%
 - 4% due to insolvent customer
 - 4% due to lower frequency from existing customers
- Newspaper Distribution volumes up 1%

➤ New Zealand

- Market share maintained securing new contracts
- Reduction in volumes due to consolidation in retail brands and retailers exiting NZ market
- Newspaper volumes up on previous year



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2015 FULL YEAR RESULTS

MAGAZINE DISTRIBUTION BUSINESS (GORDON AND GOTCH)

➤ Australia

- Revenue decline 10.0%
- Major Australian and UK client renew contracts for 3 years
- Continued focus on Warehousing and Pick & Pack consolidation initiatives

➤ New Zealand

- Revenue decline 20.4%
- Major customer loss – publisher moves titles in-house

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2015 FULL YEAR RESULTS : UNITS

| | FY15 | FY14 | Var % |
|--------------------------------------|----------------|----------------|---------------|
| Print AU | 166.6 | 177.2 | (6.0%) |
| Print NZ | 40.0 | 39.3 | 1.7% |
| Print Tonnes ('000) | 206.6 | 216.5 | (4.6%) |
| Distribution AU | 2,348.4 | 2,538.7 | (7.5%) |
| Distribution NZ | 619.1 | 648.2 | (4.5%) |
| Distribution Units (Mio) | 2,967.5 | 3,186.9 | (6.9%) |
| Gordon and Gotch AU | 126.9 | 131.0 | (3.1%) |
| Gordon and Gotch NZ | 11.4 | 15.7 | (27.7%) |
| Gordon and Gotch Copies (Mio) | 138.3 | 146.7 | (5.7%) |

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2015 FULL YEAR RESULTS : DISCLAIMER

The material in this presentation is a summary of the results of PMP Limited (PMP) for the twelve months ended 30 June 2015 and an update on PMP's activities and is current at the date of preparation, 25th August 2015. Further details are provided in the Company's FULL YEAR accounts and results announcement released on 25th August 2015.

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