



PMP Limited | **Thursday, 10th August 2006**
Full Year Results 2006 Presentation



AGENDA

- **Highlights for Fiscal 2006 – Brian Evans, CEO**
- **Review of Financial Results – Richard Allely, CFO**
- **Operating Review – Brian Evans, CEO**
- **PMP Outlook – Brian Evans, CEO**
- **Questions & Answers**



Highlights for Fiscal 2006

Achieved solid foundation for future growth

- EBIT \$82.0m up 6.9% and in line with our \$80-85m guidance
- Strong earnings uplift in H2 to \$41.9m, an increase of 86% on pcp
- \$18m in cost savings delivered with further run rate benefits into Fiscal 2007
- Gordon & Gotch and PMP Digital returned to profitability
- NZ acquisitions fully integrated, consolidating PMP's leadership position
- Installation of new presses completed on time and under budget
- New GPS-based catalogue distribution service attracting strong client interest
– Delivers market leadership position
- Long term print and distribution contracts provide stable platform for growth



Financial Review – Richard Allely, CFO



Full Year Result Highlights

	Measurement	30 June 2006	30 June 2005	Variance
Operating Performance	EBIT (\$m)	82.0	76.7	5.3
	EBIT %	6.6%	5.8%	0.8%
Cash for debt repayment or distribution	Free Cash Flow (\$m)	3.7	(51.8)	55.5
Economic Value Creation	ROCE% <small>(EBIT after significant items / Average capital Employed)</small>	11.1%	12.8%	-1.7%
Growth over time	EPS (cents) <small>(after Sig & Tax Expense)</small>	11.2	10.7	0.5

Income Statement

Year Ended 30 June 2006

	52 weeks 2006 <u>(\$m)</u>	53 weeks 2005 <u>(\$m)</u>	Variance <u>%</u>
Sales Revenue (operating)	<u>1,245.0</u>	<u>1,333.6</u>	<u>(6.6%)</u>
EBITDA	115.8	110.0	5.3%
Depreciation & Amortisation	<u>(33.8)</u>	<u>(33.3)</u>	<u>(1.5%)</u>
EBIT	82.0	76.7	6.9%
Borrowing Costs	(26.5)	(24.3)	(9.1%)
Income Tax Expense	<u>(0.6)</u>	<u>(2.7)</u>	<u>77.8%</u>
Net Profit (before significant items)	54.9	49.7	10.5%
Significant items	<u>(21.3)</u>	<u>(17.8)</u>	<u>(19.7%)</u>
Net Profit (after significant items)	<u>33.6</u>	<u>31.9</u>	<u>5.3%</u>



Revenue Movement

Sales Revenue (operating) FY05	<u>1,334</u>
Less:	
Sale of Sheetfed Business	(20)
G&G exit of unprofitable contracts	(34)
Print volume capacity H1	(22)
Extra week in FY05 (53 v's FY06 52)	(24)
Increase in customer supplied paper	(25)
Add:	
Sensis contract for full year (FY05 9mths)	9
NZ Acquisitions	27
	<hr/>
Sales Revenue (operating) FY06	<u>1,245</u>

Income Statement

Year Ended 30 June 2006

	H1 06 (\$m)	H1 05 (\$m)	H2 06 (\$m)	H2 05 (\$m)	2006 (\$m)	2005 (\$m)
Sales Revenue (operating)	655.7	722.5	589.3	611.1	1,245.0	1,333.6
EBITDA	56.0	71.1	59.8	38.9	115.8	110.0
Depreciation & Amortisation	(15.9)	(16.9)	(17.9)	(16.4)	(33.8)	(33.3)
EBIT	40.1	54.2	41.9	22.5	82.0	76.7
Borrowing Costs	(13.8)	(12.5)	(12.7)	(11.8)	(26.5)	(24.3)
Income Tax Expense	(2.1)	(4.0)	1.5	1.3	(0.6)	(2.7)
Net Profit (before significant items)	24.2	37.7	30.7	12.0	54.9	49.7
Significant items	(5.8)	(4.9)	(15.5)	(12.9)	(21.3)	(17.8)
Net Profit (after significant items)	18.4	32.8	15.2	(0.9)	33.6	31.9



Segment Reporting - Revenue

Year Ended 30 June 2006

	2006 (\$m)	2005 (\$m)	Variance %
	<u> </u>	<u> </u>	<u> </u>
REVENUE			
PMP Printing	652.3	688.9	(5.3%)
PMP Digital Premedia	37.7	53.9	(30.1%)
PMP Marketing Services	153.1	147.1	4.1%
PMP Magazine Distribution	401.9	443.7	(9.4%)
	<u> </u>	<u> </u>	<u> </u>
Total	<u>1,245.0</u>	<u>1,333.6</u>	<u>(6.6%)</u>



Segment Reporting - EBIT

Year Ended 30 June 2006

	2006	2005	Variance
	(\$m)	(\$m)	%
EBIT (before significant items)			
PMP Printing	66.2	74.3	(10.9%)
PMP Digital Premedia	3.9	(2.4)	262.5%
PMP Marketing Services	16.1	17.6	(8.5%)
PMP Magazine Distribution	1.3	(4.8)	127.1%
PMP Corporate	(5.5)	(8.0)	31.3%
Total	82.0	76.7	6.9%



Segment Reporting - EBIT

Year Ended 30 June 2006

	H1 06	H1 05	H2 06	H2 05	2006	2005
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
EBIT (before significant items)						
PMP Printing	34.3	47.6	31.9	26.7	66.2	74.3
PMP Digital Premedia	1.9	(0.3)	2.0	(2.1)	3.9	(2.4)
PMP Marketing Services	8.6	11.9	7.5	5.7	16.1	17.6
PMP Magazine Distribution	(0.4)	(0.7)	1.7	(4.1)	1.3	(4.8)
PMP Corporate	(4.3) *	(4.3)	(1.2) **	(3.7)	(5.5)	(8.0)
Total	40.1	54.2	41.9	22.5	82.0	76.7

* includes write back of CEO option \$1.1m

** includes super benefit \$2.9m



Balance Sheet

Year Ended 30 June 2006

	Jun 2006 (\$m)	Jun 2005 (\$m)
	<u> </u>	<u> </u>
Receivables	138.6	139.0
Inventories	80.8	90.3
Property, Plant & Equipment	383.2	340.9
Intangibles	99.4	100.6
Deferred Tax Assets	39.0	34.4
Investments	27.3	27.3
Other Assets	14.2	5.1
Net Bank Debt	(284.6)	(291.9)
Net Other Debt	(60.2)	(39.0)
Other Liabilities	(210.5)	(215.6)
Net Assets	227.2	191.1



Funding and Interest

	<u>Jun 2006</u>	<u>Jun 2005</u>	<u>Change</u>
Net Bank Debt (\$m)	284.6	291.9	2.5%
Net Other Debt (\$m)	60.2	39.0	(54.3%)
Total Equity (\$m)	227.2	191.1	18.9%
Net debt / equity (%)	151.8%	173.1%	12.3%
Debt to (debt + equity) (%)	60.3%	63.4%	4.9%
Interest Expense (\$m)	26.5	24.3	(9.1%)
Interest Cover (times)	4.4	4.5	(2.2%)



Cash Flow

Year Ended 30 June 2006

	Jun 2006 (\$m)	Jun 2005 (\$m)
EBITDA (after significant items)	94.5	92.2
Non-cash	<u>(4.1)</u>	<u>(0.4)</u>
EBITDA (cash)	90.4	91.8
Borrowing Costs	(25.9)	(22.2)
Income Tax Paid	(2.1)	(6.0)
Net Movement in Working Capital	<u>(6.3)</u>	<u>(31.1)</u> *
Cash Flow from Operating Activities	56.1	32.5
Cash Flow applied to Investing Activities	<u>(52.4)</u>	<u>(84.3)</u>
Free cash Flow (before financing activities)	<u>3.7</u>	<u>(51.8)</u>

* Includes early close of debtors ledger (2 days \$13m) and one additional payment to publishers in G&G due to period end close (\$22m)



Significant Items

	2006 (\$m)	2005 (\$m)
Gain on sale of properties & assets		14.2
Discount on Acquisition	1.1	
Restructuring costs - Redundancy	(17.4)	(13.8)
Restructuring costs - Other	(5.0)	(7.1)
Impairment of assets		(11.1)
Significant Items	<u>(21.3)</u>	<u>(17.8)</u>



Operating Review – Brian Evans, CEO



PMP Print

Highlights

- With upgrade complete, PMP now operates the most modern print network in Australia
- Improved sales performance in H2 following removal of capacity constraints – work returning
- Print operations de-centralised into flexible State-based, customer-facing units – “sell locally, print nationally”
- Restructure to improve cross-selling between Print and Distribution
- Integrated ERP platform - DiMS - expected to lower cost of print production, streamline capacity utilisation and improve margins
- Clear leadership position in NZ following successful integration of four acquisitions



PMP Digital Premedia

Highlights

- \$6.3m EBIT turnaround
- Divestment of non-core businesses: print management and digital printing
- Sites consolidated from six to four
- PMP Digital value proposition now well aligned with major customers
- Business underpinned with longer term contracted work
- dLibrary public asset management service showing strong potential



PMP Marketing Services

Highlights

- Major innovation unveiled in May – GPS-based home catalogue distribution
 - Now market leader in Australian letterbox distribution
 - Long-term contracts with blue-chip retail customers: Coles, Red Rooster, Hungry Jack's, Pizza Hut, Freedom, Harris Scarfe, Super Cheap Auto and Radio Rentals
 - Sets new benchmark in DIFOT, professionalises highly fragmented industry
 - Leveraged to cross-selling with Print following restructure
 - Go-live scheduled in Sydney for September 2006, then other states
 - Full financial returns set to flow in 2007/08



PMP Marketing Services

Highlights

- New Zealand Maxum business now 100% owned by PMP
- Pacific Micro-Marketing delivers solid earnings growth for 2006
- New Zealand letterbox distribution business gains market share in 2006



PMP Magazine Distribution

Highlights

- Gordon & Gotch \$6.1m EBIT turnaround
- Overheads reduced by \$10m
- Unprofitable distribution relationships terminated
- New warehouse pick/pack technology to reduce warehouse costs and speed delivery times
- News Magazines and Reed Publishing renewed existing agreements
- New weekly magazines launched – *Zoo* and *Famous*
- New agreements signed with Murdoch Magazines for the distribution of *Men's Health*, *Marie Claire* and *Better Homes & Gardens*



PMP Outlook – Brian Evans, CEO



PMP Outlook

- Considerable reduction of significant one off costs in FY07
- Ongoing focus on costs, operational efficiencies
- Move to longer term contracted print work
- NZ market position continues to strengthen
- Gordon & Gotch and PMP Digital Pre-media now positioned for growth
- Expect significant volume and revenue growth in Australian letterbox distribution business in fiscal 2007



Thank You!

Questions