

ASX ANNOUNCEMENT

 Level 12, 67 Albert Avenue
 Chatswood NSW 2067
 Australia

 Telephone +61 2 9412 6000
 Facsimile +61 2 9413 3939
www.pmplimited.com.au

PMP 2010 half year results

Thursday, 18th February 2010 – The Board of print and media services group PMP Limited today announced earnings before interest and tax (EBIT) before significant items of \$29.1 million for the half year ended 31 December 2009 – in line with market guidance.

Key points:

- EBIT (before significant items) \$29.1 million and in line with guidance
- Net Profit (before significant items) \$15.7 million up 86.9% on last year
- Net debt \$183.8 million, from June 2009 of \$208.4 million
- Full year EBIT (before significant items) guidance – range \$52 - \$55 million
- Expect further debt reduction by June 2010

Income Statement Half Year ended 31 December 2009

\$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)(NPAT)	13.7	(11.2)	>>

The Chairman, Mr Graham Reaney, said that, despite a drop in operating revenue, PMP's newly transformed, low cost operating model had delivered strong EBIT, NPAT and cash flow.

He emphasised that the Group's balance sheet was also in a much stronger position.

PMP ended the half year with net debt of \$183.8 million, down favourably from \$208.4 million in June 2009. On the back of this, PMP's gearing ratio (debt:equity) reduced to 50.1% from 59.3% in June 2009, with interest cover increasing to 5.3 from 5.1 times.

Mr Reaney reported that the PMP Board expects to declare a final dividend for 2010, subject to the Group's EBIT remaining on target and there being no significant adverse change in economic conditions.

Print

Commenting on operating performance, PMP CEO Mr Richard Allely said "Our Print division saw revenues decline by 13.2% to \$269.5 million after print volumes decreased by 14.7% in the six months to December 2009. Notwithstanding this revenue decline, the Print division delivered improved operating earnings in the half, largely due to the cost savings initiatives announced last year. I remain confident that our Print business is now very well placed relative to its competitors to create significant shareholder value in the future."

Distribution

The operating result for the six months to December 2009 reflects the legacy the business has endured in losing touch with its customers, forfeiting their trust and consequently losing market share. This resulted in EBIT declining 65.7% to \$1.5 million in the half, compared to the same period last year.

Despite this result, Mr Allely remains very confident about the division's long-term future. "With a new and very experienced leadership team in place, our Distribution division is focussed on developing strong customer relationships and building an efficient and market competitive distribution network that, over time, will restore profitability to the business," he said.

Gordon & Gotch

Despite the difficult economic conditions and a decline in magazine circulation, Gordon & Gotch delivered a positive EBIT result of \$4.4 million, down by 45.7% on the previous corresponding period, largely due to a drop in book distribution and unfavourable foreign exchange impact when compared to the contracted hedge rates.

Mr Allely commented on the launch of the TREET.com.au on-line book business, noting that subscriber numbers were growing day by day and that he was committed to this channel. "This channel introduces a new set of retailers to the Gordon & Gotch network and increases its product range to provide a steady, \$50 million revenue stream that will help to smooth out the cyclical nature of the magazine distribution business."

PMP Digital Premedia

Despite revenues falling by 10.3%, tight financial management enabled the Digital Premedia business to largely protect its EBIT result, which declined by only \$0.3 million to \$1.9 million.

New Zealand

PMP's New Zealand operations performed below last year in terms of operating revenue and EBIT. This was primarily driven by a weak economic environment, coupled with intense price competition on the back of lower market volume.

"However, the recent acquisition of the IMD distribution business has made a positive contribution to our Gordon & Gotch magazine distribution business," Mr Allely said.

Outlook

Looking ahead, Mr Allely commented that, while the potential for revenue growth will be limited in the second half of the financial year, PMP will continue to optimise the business and look for efficiency opportunities to deliver earnings growth.

He noted PMP's fundamental strengths, including; a strong balance sheet, a streamlined cost structure, well invested physical assets and a highly experienced workforce.

"With a continued focus on supply chain management, sales force alignment and manufacturing excellence, PMP is rapidly improving its competitive position.

Beyond fiscal 2010, the Group has enormous potential to generate good cash flows to pay down debt and reward our shareholders."

Mr Allely said he expected PMP to deliver an EBIT (before significant items) result for Fiscal 2010 in the range of \$52 - \$55 million and predicted that net debt levels will continue to reduce to June 2010, subject to market conditions.

For further information contact:

Richard Allely
Chief Executive Officer PMP Limited
Tel: (02) 9412 6000

Media contact:

Michael Pooley
Professional Public Relations Pty Ltd
Mobile 0420 824 878 or
Tel: (02) 9818 0975