



# PMP Limited

## INVESTOR PRESENTATION

Richard Allely, CEO  
24 June 2009

A dark, textured graphic in the bottom right corner with the text "RE-ENERGISING" written in a white, italicized font.

# Agenda



- PMP Group
- Background
- Business Imperatives
- Re-energising PMP Strategic Review
- What does this mean?
- What has happened so far?
  - Strong Executive Leadership Team
  - Short Term Initiatives
  - Financial Impact To-Date
- What Next?
  - Next Phase
- In Summary
- Questions



# PMP Group

- Primarily a **printing and distribution** company
  - With a portfolio of specialised businesses
    - Customer analytics (Pacific MicroMarketing)
    - Pre-media (PMP Digital)
    - Creative and photographic services (Dimension Studios)
- **Largest commercial print company** with a **national footprint** in Australia and New Zealand (PMP Print)
- Market **leading letterbox delivery** company (PMP Distribution)
- Leading **independent magazine distribution** company (Gordon & Gotch)
- **Leading Book printer** for **International** and **local book publishers** (Griffin Press)
- **Independent Book distribution** company (Scribo)

# Background

Past 12 months have delivered a mixture of outcomes for PMP

## Positive

- **Healthy retail catalogue market** especially supermarkets
- **Strong book printing** due to key selling authors
- **New and experienced Senior Leadership Team.**

## Negative

- **Unfavourable** media coverage – distribution business
- **Revenue decline** due to economic conditions and lower average selling prices
- **New Zealand economy** continues to be **challenging**
- **Much lower volumes** in final quarter of fiscal 2009

# Business Imperatives

- **Restructure operations to reflect revenue decline** in print largely driven by economic environment
- **Restore the client relationships** in letterbox distribution
- **Reduce cost base** to achieve lowest cost producer status in core product markets
- **Maintain flexibility and agility** in meeting customer requirements across all businesses

# Strategic Review

- From a **formal strategic review** we recognised there was:
  - Too much **complexity**
  - Significant **excess cost** in the business
  - **Inefficient processes** that do not deliver “best practice” service, quality and DIFOT
  - **No overall organic growth**
- The **strategic review** outlined the need to:
  - **Reduce corporate overheads**
  - Secure **procurement savings**
  - **Leverage operational activities**
  - **Close excess press capacity**

# Strategic Review (continued)

## Need to refocus so everyone gets value

- Focus on:
  - **Excellence for our Customers** – we need to get back to where our customers respect and trust us to give them great service
  - **Safety and security for our Employees** – we need to give our staff the assurance of working for a profitable business that can invest in their careers and look after them properly in a safe working environment
  - **Value for our Shareholders** – we need to give the people who own this company a decent return on their investment
- Return to “**best practice**”
- **Streamline operations** to reflect new, declining levels of print volumes
- **Reduce complexity**

# What does this mean?

Significantly reduce the break even point of the business  
to weather current economic environment

by

Specialist print production facilities aligned  
to customer product markets

Reducing business complexity through streamlining  
processes of planning, scheduling, supervision, logistics and administration

Reducing overheads in line with declining print volumes

Creating the right culture – engage employees  
and aligning with customer needs

# WHAT HAS HAPPENED SO FAR?

# Strong Executive Leadership Team



Richard  
Allely  
CEO  
PMP  
Limited



Phillip  
Elbourne  
CFO

Alistair  
Clarkson  
Company  
Secretary &  
Legal Counsel

Andrew  
Williams  
EGM  
Distribution

Peter  
Brown  
EGM  
PMP NZ

Craig  
Davison  
EGM  
Gordon & Gotch  
& Scribo

Peter  
George  
EGM  
Print  
Australia

Graham  
Plant  
EGM  
PMP Digital &  
PMM

# Short Term Initiatives



## Print

- 190 redundancies
- Closure of presses in Queensland and South Australia
- Optimisation of equipment at Clayton, Victoria
- Procurement savings
- Consolidation of NSW and Victorian office space



## Corporate

- 11 senior management redundancies
- Salary freeze for non-EBA staff
- Zero STI's for senior management in FY09



## Other

- PMP New Zealand – 68 redundancies
- Gordon & Gotch and Scribo – 60 redundancies
- Further 33 redundancies in group





# Financial Impact To-Date

	Headcount	Savings	Cash Costs	Non Cash Costs
<b>Print AU</b>	190	\$11.7m	\$14.4m	\$10.2m
<b>Corporate</b>	11	\$ 5.0m	\$ 3.3m	-
<b>Other BU's</b>	161	\$ 9.3m	\$ 4.4m	\$ 1.5m
<b>Other restructuring</b>	-	-	\$13.4m	\$ 18.1m
<b>Total</b>	362	\$ 26.0m	\$ 35.5m	\$ 29.8m

# WHAT NEXT?

# Next Phase



## Focus on three strategic levers:

- **Focus on the Core**
  - Printing and distribution, across key product lines
- **Return to Customer Centricity**
  - Focus on the customer
  - Align go-to-market approach with customer needs
  - Define client engagement model:
    - National sales approach to service national clients and accounts
    - Regional sales teams for local clients and accounts
    - Co-ordinate across business units to serve end-to-end needs of the clients
- **Adopt a Low Cost Operating Model**
  - Eliminate excess capacity
  - Explore options in operational configuration to eliminate complexity
  - Establish (mostly) specialist facilities
  - Reduce costs in support and overhead functions

# In Summary

**Cost reductions to date = \$26m**



**Transformation plan supported by debt providers**



**Forecast fiscal 2009 will deliver (before significant items):  
EBIT – approx. \$54m & Net Debt approx. \$220m**



**Significant items fiscal 2009: Cash \$36m Non-cash: \$30m**



# Questions

# Thank You