

ASX Announcement

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PMP Limited announces transformation plans to address the economic downturn

Wednesday, 24 June 2009 - PMP Limited (ASX: PMP) today announced transformation plans to address the earnings decline in its Australian and New Zealand business portfolio created by the current economic climate. Phase 1 has already delivered annualised savings of \$26 million, largely due to redundancies. This will significantly reduce the breakeven point of the business, in line with declining print volumes.

Phase 2, which will be implemented in the first half of fiscal 2010, will create a low-cost, customer-centric operating model to re-energise the business and position it strongly when market conditions improve.

Newly appointed Chief Executive Officer, Mr Richard Allely, said the comprehensive plan is a swift and decisive response to the changing shape of the market, which has seen a significant reduction in volumes and price levels, particularly in the final quarter of fiscal 2009.

“Despite these challenging market conditions, which are likely to continue until the economy recovers, all our businesses have remained financially strong, displaying their resilience and solid fundamentals. However, prospering in this new market requires a reduced cost base and a more flexible and agile business that can respond to changing customer needs.”

Key elements of the overall plan include: aligning specialist print production facilities to customer product markets; reducing complexity by streamlining processes; and creating a customer-focused culture.

“The restructuring involves overhauling our planning, scheduling, supervision, logistics and administration processes. These changes, together with a much stronger customer relationship model, will eventually deliver significant operational benefits.”

Mr Allely said the transformation plan has the full support of the company’s banks and that the debt facilities will not require refinancing until 2012.

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Mr Allely expects the short-term savings generated in Phase 1 will enable PMP to deliver approximately \$54 million EBIT result for fiscal 2009, before significant items and a year end net debt position of approximately \$220 million.

“This transformation plan will give us a sound operating model and return PMP to best practice. We now have a very clear outlook and confidence in our ability to grow earnings beyond the 2009 level, once the economy recovers.”

For further information contact:

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