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ASX Announcement

PMP delivers solid full year result – EBIT# up 8.5%
Strong second half earnings underpin a positive outlook

Thursday, 18th August 2011 - PMP Limited today announced earnings before interest and tax (EBIT) before significant items of $56.7M up 8.5% for the year ending June 2011 – within market guidance.

Key points:

- Net Profit after tax (before significant items) $28.7M up 17.1% on last year
- Net debt at $141.0M, down from $168.1M in June 2010
- Significant items $52.2M
- Net Loss of $11.3M
- Fully franked dividend declared at 1c per share (to be paid out of current year profits of the parent entity)

Income Statement
Full Year ended 30 June 2011

$m	2011	2010	Change
Revenue (Operating Revenue)	1,194.3	1,212.1	(1.5%)
EBITDA (before significant items)	100.1	92.8	7.8%
Depreciation & Amortisation	(43.4)	(40.6)	
EBIT (before significant items)#	56.7	52.2	8.5%
Borrowing Costs	(15.0)	(17.6)	
Borrowing Costs - mark to market	0.5	2.3	
EBT (before significant items)	42.2	36.9	14.4%
Income Tax expense	(13.5)	(12.4)	
Net Profit (before significant items) after tax	28.7	24.5	17.1%
Significant items	(52.2)	(5.5)	
Tax on Significant items	12.2	1.6	
Net (loss)/profit (after significant items)	(11.3)	20.6	

before significant items

PMP's Chairman, Mr Graham Reaney commented that "PMP continued to benefit from the substantial restructuring that began in early 2009. The full year result delivered an EBIT (before significant items) of $56.7M up 8.5%. Higher profits resulted from another very good performance at Print Australia combined with profit improvements at both Distribution and Print New Zealand,"

"Cash flow performance was strong, with free cash flow of $27.1M. PMP ended June 2011 with net bank debt of $141.0M, down from $168.1M at June 2010. The Group's gearing ratio (debt: equity) also reduced from 45% to 40%, with interest cover improving from 5.3 to 6.7 times."

Mr Reaney noted that "During the year, PMP undertook an on market share buyback programme purchasing 5.47M shares for $3.69M, and that, the Group renegotiated its debt facilities adding certainty to debt funding by extending the maturity date on it's existing debt facilities from May 2012 to September 2014".

Taking into account the Group's improved financial position, Mr Reaney reported that the PMP Board has declared a fully franked dividend of 1 cent per share with a payment date of 20th October 2011 for shareholders recorded on 6th October 2011 (to be paid out of current year profits of the parent entity, such that, under current tax law it is expected to be fully franked).

Mr Reaney also noted that after nearly 9 years as Chairman of PMP and being the longest serving of three directors who are due to retire in the next 3 to 4 years, in order to facilitate a smooth transition, he has decided to retire at this year's AGM and that Mr Ian Fraser (Non-executive Director) will take over as Chairman.

Operating Performance

Print Australia

Commenting on operating performance, PMP CEO Mr Richard Allely said: "Despite revenue falling 4% to $472.4M, the division delivered an improved result with EBIT increasing by 16% to $55.4M on improved product mix and margin management around paper while tight cost controls continued around freight, outside work and logistics." In the Directories business, amortisation of an intangible associated with a customer contract commenced resulting in a $2.5M expense in fiscal 2011.

Distribution Australia

Fiscal 2011 has seen the profit restoration of our letterbox distribution business. Revenue was up 7.5% year on year on the back of the new contract volumes and enabled a full year EBIT (before significant items) of $1.1M, compared with a $2.2M loss last year.

Mr Allely said this progress is encouraging "Network volumes are now above breakeven. With a reconfigured network model, rising customer satisfaction levels and positive sales momentum across the country, the expectations around this business continues to improve."

Gordon and Gotch

Gordon and Gotch delivered an EBIT (before significant items) of $3.7M, down $3.8M on the previous year due to higher freight costs at Gordon & Gotch and adverse trading conditions experienced by the Scribo book distribution business which recorded an FY11 loss of $3.7M.

Mr Allely noted that "Given the significant shift in demand from bricks & mortar retail to online book sales, the company decided to close the Scribo Book Distribution business at 30 June 2011, resulting in one off asset impairment and closure costs of $25.7m ($22.7m was non-cash).

PMP Digital

For Digital, FY11 EBIT (before significant items) declined to $0.1M, down by $3.3M on 8% lower revenues, due to soft market conditions. In addition, license renewals were lower and amortisation costs rose on new software. New revenue generation commenced in the second half of the year and is showing encouraging trends for fiscal 2012.

New Zealand
EBIT decreased by 13%, due to the foreign exchange translation, weaker economic conditions and extreme price competition in magazine distribution. However, the Print business performed better year on year, and with a new printing contract from APN and consolidated heatset operations in the North Island, this business will continue to improve, despite the challenges of the local economy.

Our letterbox distribution business also had a pleasing year, with an uplift in both volumes and revenue.

Transformation Plan
The transformation plan in New Zealand is progressing well, with the transition to the new Wiri site in Auckland due for completion by January 2012. The Australian transformation process has continued, with plans to place an order for a new press for our Western Australian plant at Bibra Lake.

Transformation cash spend in FY11 was $23M with a further $19M due in FY12 (including both cash significant items and transformation plan capital expenditure). The final total is expected to be $42M, which is less than the $45M originally expected. The transformation savings of $28M per annum expected to be achieved by FY13 is still valid with some minor timing variances in FY12 mainly relating to the delay in the WA press and arrival of equipment in Auckland.

Growth
Mr Allely said that, mindful of the maturity of its core business, PMP had commissioned Growth Mantra, a management consultancy specialising in researching avenues for developing sustainable top line revenue growth.

“In recent months, Growth Mantra has been focussing on the demand side of PMP’s market participation, assessing the future demand for PMP’s products and services over the medium to long term, in consultation with key customers, their consumers and the industry”.

Mr Allely noted that the review process was due to be completed by 30 September 2011 and that significant growth opportunities had already been identified that would enable the group to leverage it’s existing capabilities to grow new revenues, particularly in it’s Digital division. He commented that “Once we have completed the review, we will outline the new growth agenda to the market ”

Outlook
Mr Allely said he was optimistic about continued improvement in operating earnings in fiscal 2012. “Next year we expect to see a further uplift to the business as the benefits continue to come through from the transformation plan.”

While subdued consumer sentiment in Australia suggests a near term continuation of slower than trend retail conditions, we will continue to win back additional market share in the Australian letterbox distribution business and further grow Australian Print earnings.

Mr Allely said PMP will provide a market update at its Annual General Meeting in November 2011.

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