

# INVESTOR PRESENTATION

Results for the 6 months ended 31 December 2011

16<sup>th</sup> FEBRUARY 2012



Richard Allely, CEO



Geoff Stephenson, CFO



## Agenda

Richard Allely, Chief Executive Officer

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Geoff Stephenson, Chief Financial Officer

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Richard Allely, Chief Executive Officer

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# Half Year Performance Overview

Richard Allely, CEO

# 2012 HALF YEAR RESULTS - PERFORMANCE OVERVIEW

- Safety



- LTIFR 4.7 vs 8.6
- Completed safety audits for all AU sites
- Return to work excellence award

- EBIT\* at \$23.1M



- Sales down 7.1%
- Competitive market conditions
- Lower volumes
- Improved profit in letterbox business

- Transformation of NZ business



- NZ site move complete.
- Transformation savings commenced
- Savings flow through into H2

- Net Debt at \$153.5M



- H1 Free cashflow (\$12.5M):
  - Transformation plan
  - Lower EBIT
  - Working capital

- Gearing level



- Debt to Equity at 43.3% (vs 40.3% LY)
- Interest cover 5.5x vs 7.1x (Dec 10)

- Interim dividend 1c per share



- Fully franked

\* Before significant items

# Financial Performance

Results for the 6 months ended 31 December 2011

Geoff Stephenson, CFO

## 2012 HALF YEAR RESULTS - INCOME STATEMENT

\$m	1H FY12	1H FY11	%
Revenue (Operating Revenue)	577.5	621.9	(7.1%)
EBITDA (before significant items)	44.9	53.9	(16.7%)
Depreciation & Amortisation	(21.8)	(21.7)	(0.3%)
EBIT (before significant items)	23.1	32.2	(28.2%)
Net Profit after tax (before significant items)	8.8	17.1	(48.5%)
Significant items post tax	(4.2)	(31.9)	86.7%
Net profit/(loss) (after significant items)	4.6	(14.8)	130.9%

# 2012 HALF YEAR RESULTS - GROUP PERFORMANCE

\$m	1H FY12	1H FY11	%
EBIT*	23.1	32.2	(28.2%)
EBIT*/Sales	4.0%	5.2%	
Net Profit after tax (pre sig. items)	8.8	17.1	(48.5%)
Net Profit after tax (post sig. items)	4.6	(14.8)	130.9%
EPS (cents)	1.4	(4.4)	
Interim dividend (cents)	1.0	-	
Free Cash flow (\$m)	(12.5)	25.5	
Return on Funds Employed **	9.5%	10.4%	

\* EBIT before significant items.

\*\* ROFE equals EBIT/Average Funds Employed

# 2012 HALF YEAR RESULTS - CASH FLOW STATEMENT

\$m	1H FY12	1H FY11	Var
EBITDA (Before significant items)	45	54	(9)
Less: Cash Significant items	(3)	(1)	(1)
<b>EBITDA (cash)</b>	<b>42</b>	<b>53</b>	<b>(10)</b>
Borrowing costs	(7)	(7)	(0)
Income tax refunds/(paid)	(3)	(1)	(2)
Net movement in working capital #	(21)	(3)	(17)
<b>Cash flow from operating activities</b>	<b>12</b>	<b>41</b>	<b>(29)</b>
Dividends paid	(3)	(3)	0
Share Buy back	(2)	(0)	(2)
Capex spend #	(21)	(17)	(4)
Gain/(Loss) on translation of NZ Debt	1	4	(3)
<b>Free Cash flow</b>	<b>(13)</b>	<b>25</b>	<b>(38)</b>

- Transformation payments NZ

- G&G working capital higher

- Paper stocks Print

# WA press payment of \$10m moved from prepayment to Capex



# 2012 HALF YEAR RESULTS - BALANCE SHEET STATISTICS

\$m	Dec-11	Jun-11	Dec-10
Total Assets (\$m)	726.8	738.1	768.6
Shareholders Funds (\$m)	354.5	355.3	354.2
Net Debt (\$m)	153.5	141.0	142.6
Debt to equity (%)	43.3%	39.7%	40.3%
Interest cover (x times)	5.5	6.7	7.1
Trade Working Capital (\$m) *	59.6	48.3	48.8
Working Capital/Sales (%) *	5.2%	4.0%	4.1%
Return on Funds Employed **	9.5%	10.9%	10.4%

\* Adjusted for \$10M prepayment of WA press and land sale receivable

\*\* EBIT Before significant items and 12 months rolling average funds employed

## 2012 HALF YEAR RESULTS - CURRENT DEBT FACILITIES

- Net debt at 31 December 2011 = \$153.5M
- Current debt due \$52.2M, already refinanced
- Facility after May 12 amortisation = \$210M
- Head room post May 12 amortisation = \$70M
- Debt/EBITDA is 1.7x (Dec-11) vs 1.5x (Dec-10)

# Operations Summary

Richard Allely, CEO

# 2012 HALF YEAR RESULTS

## OPERATIONS SUMMARY - H1

Operating Revenue (A\$m)	DEC 11	DEC 10	Var \$	Var %
Print Australia	239.3	246.4	(7.1)	(3%)
Distribution Australia	49.2	48.5	0.6	1%
PMP Digital	14.2	15.0	(0.8)	(5%)
Gordon and Gotch Group	185.5	215.8	(30.3)	(14%)
PMP New Zealand	89.4	96.1	(6.8)	(7%)
<b>TOTAL GROUP</b>	<b>577.5</b>	<b>621.9</b>	<b>(44.4)</b>	<b>(7%)</b>

EBIT (Before Significant Items) (A\$m)	DEC 11	DEC 10	Var \$	Var %
Print Australia	23.1	30.1	(7.0)	(23%)
Distribution Australia	2.1	1.4	0.7	50%
PMP Digital	0.1	0.2	(0.2)	(77%)
Gordon and Gotch Group	1.4	2.7	(1.3)	(47%)
PMP New Zealand	0.5	2.8	(2.3)	(83%)
Corporate/Other	(4.1)	(5.0)	0.9	18%
<b>TOTAL GROUP</b>	<b>23.1</b>	<b>32.2</b>	<b>(9.1)</b>	<b>(28%)</b>

## KEY FACTORS AFFECTING H1 RESULTS

### PRINTING BUSINESS

#### ➤ Australia

- Directories volumes down 43%
- Heatset volumes down 3%
- Lower average price – competitive rivalry
- Continued focus on cost reduction

#### ➤ New Zealand

- Paper price increase (due to Japan production)
- Transformation savings delayed to H2
- Lower average price – competitive rivalry

## KEY FACTORS AFFECTING H1 RESULTS

### LETTERBOX DISTRIBUTION BUSINESS

#### ➤ **Australia**

- Slightly higher volume – market share gain
- Lower operating cost – freight and redundancies

#### ➤ **New Zealand**

- Volume decline – tighter retail market sector

## KEY FACTORS AFFECTING H1 RESULTS

### MAGAZINE DISTRIBUTION BUSINESS (GORDON AND GOTCH)

#### ➤ Australia

- Volume decline – magazine circulation
- Increased freight cost – transport rates
- Continued focus on cost reduction - redundancy

#### ➤ New Zealand

- Volume decline – magazine circulation/contract loss
- Lower average sell price
- Cost reduction underway

## KEY FACTORS AFFECTING H1 RESULTS

### DIGITAL/MARKETING SERVICES BUSINESS

- Lower activity level due to retail sector
- Slow take up of DMarketer (workflow management software)
- Cost reduction (redundancy program)



# Outlook

Richard Allely, CEO

## **FACTORS AFFECTING H2 PERFORMANCE**

- Expect trend in Print volume decline to continue in the second half fiscal 2012
- Transformation savings in NZ will flow through in Q3
- Letterbox distribution in Australia will show slight earnings improvement
- Cost reduction plans for Australian Print business will commence implementation in Q4
- Magazine distribution earnings will decline in H2 driven by lower volume
- Digital/Marketing services business will deliver some improvement in H2 earnings

## GUIDANCE

- Full year EBIT (before significant items) in the range of \$43M - \$47M
- Net debt at 30 June 2012 expected to be approximately \$140M

## ADDENDUM

### Print Business

Converted Tonnes (000s)	1H FY10	1H FY11	1H FY12	Var %
Print AU	143	134	122	(9%)
Print NZ	23	23	24	4%
<b>Print - TOTAL</b>	<b>166</b>	<b>157</b>	<b>146</b>	<b>(7%)</b>

### Letterbox Distribution

Units Delivered - Total # of copies (m)

Distribution AU	1,216	1,330	1,332	0.1%
Distribution NZ	288	346	307	(11%)
<b>Distribution - TOTAL</b>	<b>1,504</b>	<b>1,676</b>	<b>1,639</b>	<b>(2%)</b>

### Magazine Business

Gross Copies Distributed (000s)

Gordon and Gotch AU	86	87	80	(9%)
Gordon and Gotch NZ	22	20	13	(35%)
<b>Gordon &amp; Gotch - TOTAL</b>	<b>108</b>	<b>108</b>	<b>93</b>	<b>(14%)</b>

# Questions

# 2012 HALF YEAR RESULTS - DISCLAIMER

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