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**2012  
ANNUAL  
GENERAL MEETING**



**Ian Fraser**  
Chairman



### **OPENING REMARKS**

Good morning ladies and gentlemen. It is now 11am. Welcome to PMP Limited's 2012 AGM.

First I ask as a courtesy to other shareholders that you turn off your mobile phones until the meeting is concluded. Thank you.

I understand the necessary quorum is present so I am pleased to declare this year's AGM open.

My name is Ian Fraser, and I am your Chairman.

The Board and senior management group are here today to report on PMP's performance in fiscal 2012 and to discuss the Group's outlook for the current year and beyond.

Presentations from today's meeting will be posted on the PMP Website, which also contains copies of all our press releases together with materials provided at analyst briefings.

- Chairman Presentation
- Managing Director Presentation
- Formal Business
  - Financial Accounts
  - Remuneration Report
  - Re-election of Director

**FORMAL BUSINESS**

The format for today's meeting is that the formal business will follow a short address by myself and a more comprehensive presentation from Mr Peter George, our Managing Director.

Shareholders will then be invited to vote on the Remuneration Report, and the re-election of Mr Peter Margin.

**BLUE**

- Eligible to vote

**PINK**

- Not eligible to vote from floor
- Welcome to speak to motions

**WHITE**

- Not eligible to vote or speak

At this point, let me remind shareholders how to use the attendee cards you will have received after registering for the meeting.

Only those holding **blue** cards are eligible to vote, as they represent voting shareholders, corporate representatives and proxy-holders. I will ask you to raise your **blue** voting card so that your vote can be recorded on a show of hands.

**Pink** cards represent a joint non-voting shareholder where both joint holders are present at the meeting and one joint shareholder has been provided with a blue voting card. Shareholders holding **pink** cards are welcome to speak to motions but cannot vote.

If you are holding a **white** card, this indicates you are either not a shareholder or a shareholder who has lodged a valid proxy form and are not eligible to vote or speak to motions.

If you have not received an attendance card then please go to the registration desk outside this meeting room.

**NOTICE OF MEETING**

The Notice convening this Meeting has been sent to all registered shareholders.

If there is no objection I shall take the Notice as read...thank you.



Goh Sik Ngee



Naseema Sparks



Matthew Bickford-Smith



Ian Fraser



Peter George



Peter Margin

## INTRODUCTIONS

First, let me introduce your Directors.

They are, on my far right: Mr Goh Sik Ngee, Ms Naseema Sparks and Mr Matthew Bickford-Smith.

On my far left : Mr Peter Margin, who is seeking re-election today. And finally our Managing Director, Mr Peter George, who is joined by our Chief Financial Officer, Mr Geoffrey Stephenson, and the rest of our executive team – seated in the front row.

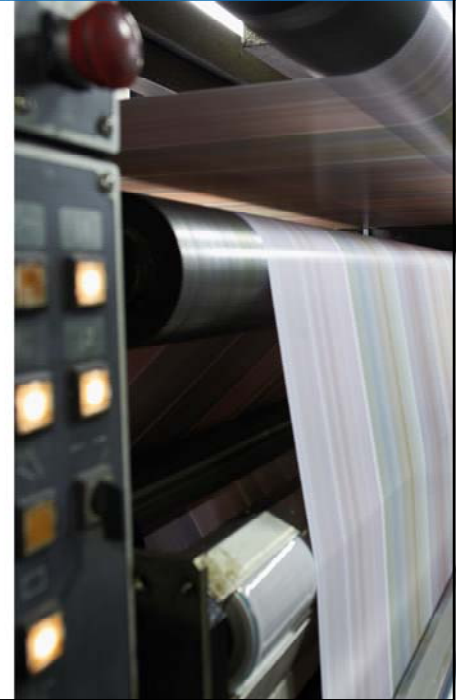
### External Auditor

The Company's external auditors, Deloitte Touche Tohmatsu, are also here this morning and the Audit Partner Ms Julie Stanley is available to answer questions when the Accounts are considered.

I will now give my Chairman's address followed by a presentation by the Managing Director that will focus on what we are doing to survive and prosper in an extremely difficult market. After Peter's presentation, I will open the meeting to questions from shareholders before voting on the formal resolutions circulated in the Notice of Meeting.

- Print Australia is, and always has been, the key business of PMP;

In 2012 EBIT fell by \$16.0 million to \$39.4 million



#### **CHAIRMAN PRESENTATION**

2012 was not a good year for your Company. In the Annual Report I set out a table that highlighted the difference in the 2012 performance of our main business units versus the 2011 financial year. Clearly Print Australia is, and always has been, the key business unit of PMP and in 2012 the EBIT (earnings before interest and tax) in this business fell by \$16.0 million to \$39.4 million. If PMP is to prosper Print Australia must return to a higher level of profitability. This is what the (previously announced) Australian Print transformation plan is designed to achieve.

The Annual Report has been with Shareholders for some time and rather than repeat the financial statistics of the 2012 year I would like to focus more on what is being done to meet the current market challenges.



## **MEDIA INDUSTRY STRUCTURAL CHANGE**

“Severe structural changes are in play ...  
Trading conditions for the Media Industry have  
been as difficult over the last year as at any  
time in the past generation”

Greg Heywood, CEO, at Fairfax AGM

Much has been said and written about the significant structural changes that are taking place in the Media Industry. Greg Hywood in his CEO address at the Fairfax AGM said “Let’s not kid ourselves. There are challenges ahead. Severe structural changes are in play as the shift from print to digital gathers pace. Trading conditions for the Media Industry have been as difficult over the last year as at any time in the past generation”. I strongly agree with this statement and given the media Industry is a major source of revenue for PMP; it should not come as a surprise that PMP has also been adversely impacted.

- Contract printing for Publishers, Retailers and others
- Book printing
- Letterbox distribution
- Magazine distribution
- Directories printing

I define PMP's major business units as:

Contract Printing for Publishers, Retailers and others

Book printing

Letterbox distribution

Magazine distribution and

Directories printing



## MAGAZINES

- Decrease in circulation and pagination as consumers and advertisers cut spending and experiment with online media

## BOOKS (GRIFFIN PRESS)

- Adapting to handle small “on-demand” print runs
- In FY12 60% more orders than FY11 to produce virtually the same number of books



All of these businesses, other than (at this time) Letterbox distribution, are under attack from new sources of media dissemination. In our major Print businesses, volume is being impacted by the overall retail downturn resulting in a decrease in magazine circulation and pagination as consumers and advertisers cut spending and experiment with online media.

Whilst e Books have made some inroads into book publishing, our Griffin Press business has held up well by adapting its business model to economically handle small “on demand” print runs. In the 2012 financial year Griffin recorded a profit in line with 2011 but to achieve this it processed just over 60% more orders for virtually the same number of books.

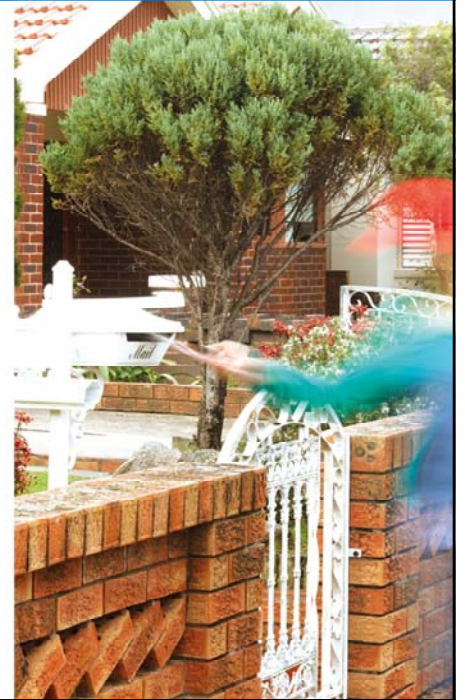
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## LETTERBOX DISTRIBUTION

- Not yet impacted by online media but since year end volumes reduced as retailers cut costs

## MAGAZINE DISTRIBUTION (GORDON & GOTCH)

- Declining sales of magazines
- Reduced costs are maintaining profitability

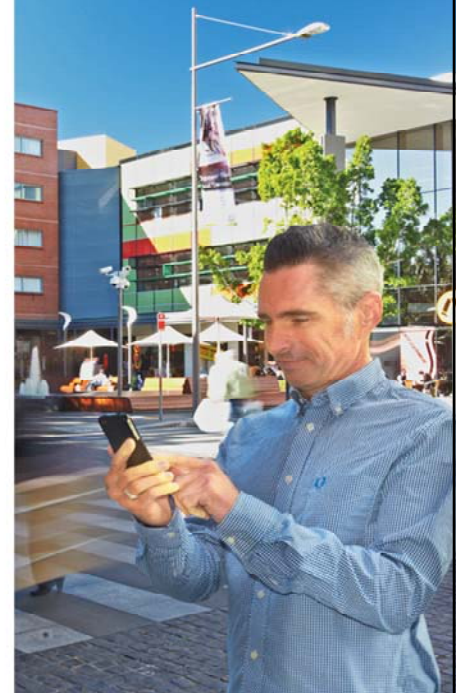


Letterbox distribution volumes have not yet been impacted by online media as retailers, in particular, continue to see printed catalogues as an effective form of advertising. However, since year-end there has been a fall in volumes as retailers cut costs in a tough market.

Gordon & Gotch, our magazine distribution business, has also been adversely impacted by the declining sales of magazines. Management have been reducing costs and this has enabled this business to remain profitable.

## DIRECTORIES

- Suffered most from online media
- Retained work to be moved to Moorebank plant



I believe everyone would be aware of the significant decline of the printed form of White and Yellow Page Directories. The Directories business has suffered more than any other business in PMP from the move to online media. There will be no reversal of this trend and yesterday we announced that agreement had been reached with Sensis on a revised printing program for Directories that will see the retained work printed in our highly efficient Moorebank plant. Consequently we plan to close the Chullora Directories plant on 30 June 2013.

- PMP is currently, and will continue to, undergo major structural change that will incur large significant costs for the next two financial years

As a Board and Management Team we have not had to deal with structural change in one business – we have had to deal with it in nearly all of our businesses. This has not been an easy task and this is reflected in last year's poor result and the continuing presence of significant items.

Let me be blunt, PMP is currently, and will continue to, undergo major structural change that will incur significant costs for the next two financial years.

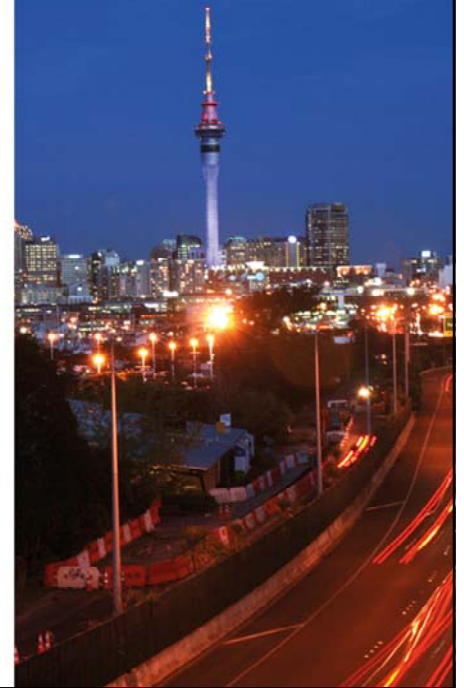
The future of PMP is a profitable Print and Distribution business. Print has supplied the major share of PMP's profitability since I joined the Board in 2003. In my early years as a Director, the Board and Management attempted to modernise and grow the business when, in hindsight, we should have probably been only focusing on modernising and reducing the cost structure of our major Print businesses in Australia and New Zealand. This is not to say we neglected cost reductions as this would be untrue.

- Largest printer in Australia and NZ
- Capable of generating significant positive cash flow
- Plans have been implemented to change the cost structure of the print business
- The reduction, or elimination, of debt is the prime objective of the Board

Despite the challenges that face your Company, it is still the largest printer in Australia and New Zealand and is capable of generating significant positive cash flow. The plans that are, and have been implemented to change the cost structure of the Print business will allow this business to be one of the survivors of what must eventually be a much smaller Australian Print Industry. The reduction, or elimination, of debt is still the prime objective of the Board and consequently, in the short-term, it unlikely that dividends will be considered as all available cash is used to reduce debt and fund transformation.



- NZ Transformation Plan is now complete
- Managing Director to implement the Australian Plan and lead the company for at least two years thereafter
- Not just about cost reductions



### TRANSFORMATION UPDATE

Mr George will update the meeting on the progress and scope of the Australian print transformation. In New Zealand the transformation plan is now complete with the closure of the Rotoman press in our Christchurch plant. This closure was a difficult decision for management who, being locals, were acutely aware of the difficulties that the residents of this city have had to endure over the past 18 months.

I would like to emphasise that the Transformation is not just about costs, it is also about strengthening our sales force, client engagement and growing our share of market.

Shareholders will be aware that, by mutual agreement, Mr Richard Allely left the Company on October 19 this year. Whilst the reasons for this decision have been included in our ASX announcements I just want to emphasise that, in the Directors opinion, the successful implementation and capture of benefits, of the Australian Print transformation plan required the Company to have a managing director that would both implement the plan and lead the Company for at least two years thereafter.



- Directors fees did not increase, remaining at their fiscal 2008 level
- PMP's Remuneration Policy provides a direct link between executive remuneration and corporate performance
- In 2012 the Group did not achieve the EBIT targets set and no Key Performance Manager received any Short Term Incentive bonus

**GOVERNANCE**

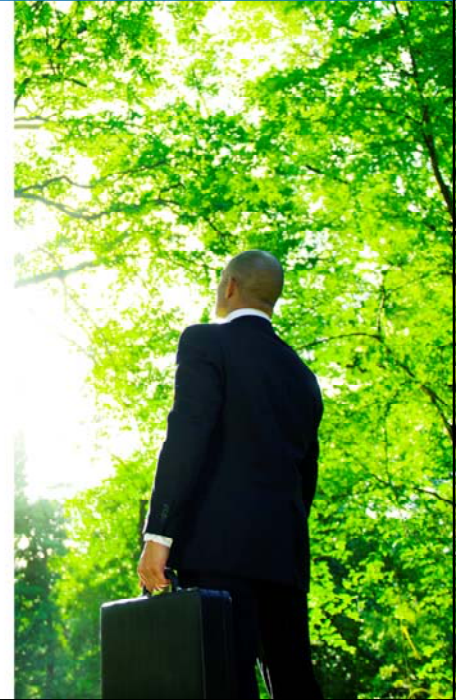
The Annual Report provides a detailed report on the various issues associated with PMP's governance, including its remuneration and reward structure.

Director's fees for fiscal 2012 did not increase, remaining at their fiscal 2008 level.

**REMUNERATION REPORT**

PMP's remuneration policy provides a direct link between executive remuneration and corporate performance by putting a significant proportion of executive remuneration at risk against performance benchmarks. In fiscal 2012, the Group did not achieve the EBIT targets set and no KPM (key performance manager) received a Short Term Incentive bonus.

- CO<sub>2</sub> emissions have decreased every year since 2007

**SUSTAINABILITY**

We continue to make progress in this area with our CO<sub>2</sub> emissions reduction program, which has resulted in emissions decreases every year since 2007.

Based on the first three months:

- full year EBIT (before significant items) \$31.0 million to \$34.0 million
- and EBITDA (before significant items) \$69.0 million to \$72.0 million

## OUTLOOK

On November 6<sup>th</sup> we provided the market with a trading update. In this update we reconfirmed that trading conditions continued to be tough for both our major client groups – retailers and publishers. Based on the trading performance of the first three months we advised that the full year earnings before interest and tax (EBIT) and before significant items would be in the range of \$31.0 million to \$34.0 million, with EBITDA (before significant items) in the range of \$69.0 million to \$72.0 million. There is no change to this update.

Finally, you will be aware that I have decided to retire as Chairman at the end of this meeting and as a Director at the end of the month. The continuing Board members have asked Mr Matthew Bickford-Smith to be the new Chairman and I wish Matthew well in what will be a challenging time for the Company. I will also ask Matthew to say a few words prior to the end of the meeting.

**Peter George**  
Managing Director



I now invite Peter George, to address the meeting.

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- PMP has aspired to be one of Australasia's leading media and marketing services companies,
  - but has been somewhat unsuccessful in achieving this goal
  - and disappointed shareholders over recent years.
- I believe the company must concentrate all its efforts on its competitive advantages and shape the business to allow it to “win” in these areas.

- Print and Distribution are clearly our core strengths and this will be where we focus the business going forward:
  - but currently we are not structured to “win” in these areas
  - so we must reshape the business to allow us to deliver on our strengths
  - and reduce complexity and costs currently inherent in the business.



- Recognised leader in the industry
- Can provide end-to-end customer solutions
- Offers a true nationwide service
- Highly talented and experienced workforce
- Proven capacity to transform the business ie NZ

- Our organisational structure constrains us from offering our best customer solutions
- Duplication and overlapping reduces efficiency and increases costs
- Contributes to unsatisfactory financial performance

- Australia continues to be very difficult for our major publishing and retailing customers
  - which directly affects our business
- Industry is undergoing major structural readjustment
- Migration from Print to Digital in many markets, creates threats but offers opportunities
- Move to digital information sources leading to decline in magazine publishing and print based directories

- Current earnings pressure on retail sector is leading to contraction of catalogue demand
- Changes in consumer browsing and buying trends leading retailers to adopt different strategies
- NZ conditions are also very difficult but cost reductions made last year are providing a buffer

- Implementing the learnings from our NZ Transformation Plan in Australia
- Running the business on a cash basis by tightly controlling all operational and discretionary expenditure (including capital expenditure)
- Restructuring the business to eliminate duplication and cost, improve efficiency and maximise our competitive advantages  
Rationalising our print fleet to reduce excess capacity
- Becoming market competitive

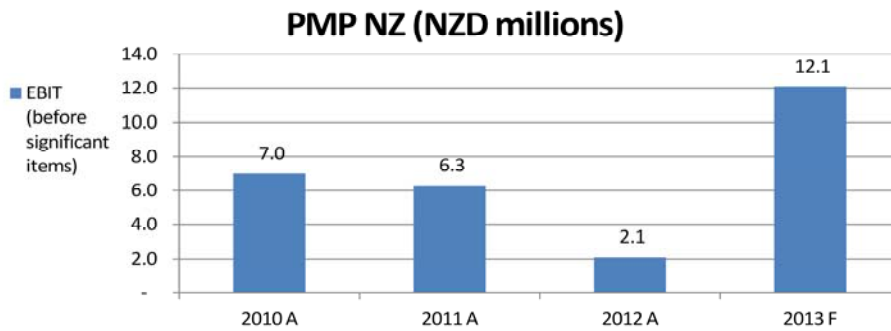
- Strengthening our sales offerings and up-skilling sales force
- Strategic investment in new technologies
- In NZ, consolidating benefits of Transformation Plan

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## NEW ZEALAND UPDATE

- Commenced 2010
  - Site reduction from 7 to 3, workforce reduced from 758 to 542 with further reductions in current year



Annualised cost savings of \$NZ9.2 million achieved as at 30 June 2012

Total savings in current financial year estimated to be \$NZ16.3 million annualised at current run rate

## AUSTRALIAN UPDATE

- Commenced 2012, now includes closure of Chullora
- Cost savings being made in all support functions
- On track to deliver at least \$32 million in annualised savings
- Cash significant items, to achieve these savings, was previously advised at \$29 million
- Taking into account the redundancy and relocation costs for Chullora and the profit from expected Property and asset sales, the cash significant items now reduces to \$12 million. In addition \$8 million of non-cash impairments will occur.

- Chullora (NSW) site to be closed 30 June 2013
- Results from decline in directories volumes
- Revised program moved to Moorebank
- Redundancy and relocation costs expected to be approx \$11.5 million (spend between June and October 2013).

**UPDATE**

- Anticipated to realise cash of \$75 million this financial year
- Proceeds will be used to retire debt and fund Transformation Plan
- Expressions of interest received on our four owned operational sites

Taking into account trading performance over the first three months

- FY13 EBIT (pre significant items) \$31 million to \$34 million
- FY13 EBITDA (pre significant items) \$69 million to \$72 million

Assuming asset sales proceed as expected, net debt at June 2013 will be circa \$95 million

## Formal Business

- Financial Statements and Reports
- To adopt the Remuneration Report
- Re-election of Director



Thank you, Peter. We will now proceed with today's formal business.



## QUESTIONS

- Please state name and name of organisation
- Only blue and pink card holders are eligible to address the meeting

### BLUE

- Eligible to vote

### PINK

- Not eligible to vote from floor
- Welcome to speak to motions

## FORMAL BUSINESS

### 2012 ACCOUNTS

The first item of business is to receive and consider the Financial Statements, Directors' Report and the Audit Report of PMP Limited for the financial year ended 30 June 2012.

While there is no need for shareholders to formally approve the accounts, I now open the meeting to questions and comments on the 2012 financial results and the Operations Report.

If you have a question could you please move to the microphone and state your name, and, if you represent an organisation, the name of that organisation.

I would remind you that only shareholders holding **blue** or **pink** attendee cards are entitled to ask questions.

As mentioned previously, a representative of external auditors, Deloitte Touche Tohmatsu, Ms Julie Stanley, is available to answer any questions.

### QUESTIONS ON FINANCIAL PERFORMANCE AND OPERATIONS REPORT

If there are no [further] questions we will now move on to the next item of business.

## RESOLUTION

- To adopt the Remuneration Report
- PMP's remuneration policy provides a direct link between executive remuneration and corporate performance with a percentage of executive remuneration tied to both short and long-term goals

### RESOLUTION 2. REMUNERATION REPORT

The first resolution is the adoption of the Remuneration Report for the year ended 30 June 2012.

Under the Corporations Act, listed companies are required to include as part of their director's report a Remuneration Report, which requires specified information. The Directors have prepared a Remuneration Report, as set out on pages 32 to 44 in the 2012 Annual Report.

PMP's remuneration policy provides a direct link between remuneration and corporate performance, with a percentage of executive remuneration tied to short and long-term goals. The details of this policy are clearly set out in the Annual Report.

Please note the Key Management Personnel of the company (including directors) and their closely related parties are excluded from voting on this resolution as set out in the Notice of Meeting.

### VOTE ON REMUNERATION REPORT

Due to the changes in the Corporations Act regarding the significance of a company recording a no vote of 25% or more on this resolution, if the show of hands is not clearly in favour of the resolution, I will exercise my powers under the constitution, and call a poll on this resolution to ensure the results of this resolution accurately reflect all shareholder voting intentions.

I now move for shareholders to consider and, if thought fit, to pass the adoption of the Remuneration Report for the year ended 30 June 2012 by way of a non-binding, ordinary Resolution.

## RESOLUTION

- To adopt the Remuneration Report
- Questions
- Proxy Result



### QUESTIONS ON REMUNERATION REPORT

Prior to voting, if you have any questions or comments about the Remuneration Report, please proceed to a microphone.

There being no [further] discussion on this resolution I put the resolution to a vote on a show of hands.

*(Proxy Result Appears)*

The proxy votes for this resolution have been cast as shown on the screen.

I remind shareholders that only those present holding **blue** attendee cards are eligible to vote. For this and subsequent resolutions I intend to direct the open votes in favour of the resolutions.

The Directors recommend Shareholders vote in favour of this resolution.

All those in favour please raise your **blue** attendee voting card.

All those against, please raise your **blue** attendee voting card.

I declare the resolution carried.

OR

The resolution was unclear/lost on a show of hands and I now demand a poll. I will hold over this resolution until the conclusion of the final item of business to allow a poll to be conducted.

## RESOLUTION

- That Mr Peter Margin who being appointed by the directors to fill a casual vacancy retires and being eligible, is re-elected as a Director of PMP

### ELECTION OF DIRECTOR

The next item of business is the re-election of Mr Peter Margin.

### RESOLUTION 3 RE-ELECTION OF PETER MARGIN

Mr Margin has a strong record of managing large Australian consumer food companies delivering operational efficiency, brand development and profitable growth having served amongst other things as the Chief Executive Officer and Managing Director of Goodman Fielder Ltd, and before that National Foods Ltd. Mr Margin has been a Director of Bega Cheese Limited since June 2011, Nufarm Ltd since October 2011 and was recently appointed to the Ricegrowers Limited (SunRice) Board. He joined PMP limited as a Non-Executive Director in January 2012.

I commend him to shareholders for re-election and invite him to address the meeting.

## **Peter Margin**

Non-Executive Director



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## RESOLUTION

- That Mr Peter Margin who being appointed by the directors to fill a casual vacancy retires and being eligible, is re-elected as a Director of PMP
- Questions
- Proxy Result



## VOTE

I now move for shareholders to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Peter Margin who being appointed by the directors to fill a casual vacancy retires and being eligible, is re-elected as a Director of PMP.

## QUESTIONS

If you have any questions or comments in regard to this resolution please proceed to a microphone

There being no [further] discussion on this resolution I put the resolution to a vote on a show of hands.

*(Proxy Result Appears)*

The proxy votes for this resolution have been cast as shown on the screen. The Directors, with Mr Peter Margin abstaining, recommend Shareholders vote in favour of this resolution.

All those in favour please raise your blue attendee voting card.

All those against, please raise your blue attendee voting card.

I declare the resolution carried.

OR

The resolution was unclear/lost on a show of hands and I now demand a poll.

## Matthew Bickford-Smith

New Chairman



### **OTHER BUSINESS**

That concludes the formal business before the meeting.

### **MR MATTHEW BICKFORD-SMITH**

Before closing the meeting I would like to invite Mr Matthew Bickford-Smith to address the meeting.

### **Thank you Matthew.**

As this is my last meeting I wish to thank the shareholders, my fellow Directors and the senior management team for their support and efforts over the past nine years. I wish the company every success for the future.



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