

Recommended Offer for HPA



18 July 2007

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Transaction Overview

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- ◆ 100% acquisition of HPA by way of a Scheme of Arrangement
- ◆ Offer value of \$2.725 per HPA share
- ◆ Flexible scheme consideration:
 - Cash; or
 - Scrip (subject to a scaleback), possible rollover relief
- ◆ Unanimously recommended by the Board of HPA subject to:
 - Independent experts report
 - No superior proposal
- ◆ Proposal has the support of the 50.4% shareholder, Kodak (Australasia)
- ◆ \$3 million break fee
- ◆ HPA shareholders meeting expected mid-October 2007

Summary Points

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- ◆ Creation of Australia's leading Business one-to-one communications force, with a combined 50+ years of industry experience
- ◆ Compelling proposal that will benefit both sets of shareholders, staff and customers
- ◆ Significant value creation from synergies and capital efficiencies
- ◆ Transaction expected to be modestly EPS positive in FY08 and strongly EPS accretive for Salmat in the first full year of ownership (FY09)
- ◆ Salmat has received clearance from the ACCC

Transaction Rationale

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- ◆ Consistent with Salmat's strategy to be Australia's leading customer communications group
- ◆ Compelling and unique market restructure opportunity
- ◆ Strong strategic and cultural alignment: well run business with good management
- ◆ Delivers strong benefits to both sets of shareholders
- ◆ Product expansion and diversification of Salmat's existing revenue streams
 - HPA's imaging and scanning
 - HPA's direct marketing
 - HPA's Full Business Colour capabilities
- ◆ Broader customer base with excellent blue chip customers
- ◆ Expand technology base with proven in-house capabilities
- ◆ Realisation of significant cost synergies and capital efficiencies

Benefits for HPA Shareholders

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- 1. Full and fair price, significant premium to standalone prospects:** offer implies an HPA equity value of \$318 million representing:
 - 36% premium to HPA's closing share price of \$2.00 on 9 April, one day prior to the announcement of the strategic review
- 2. Maximum Scrip Alternative:** provides the opportunity to:
 - gain access to the expected strong earnings growth and operational diversification of the merged group and
 - Australian resident shareholders may be entitled to capital gains tax rollover relief

Benefit to Employees & Customers

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- ◆ 50 years of combined industry experience
- ◆ Deeper product and service capabilities
- ◆ Broader and growing group with wider career opportunities
- ◆ Larger combined group with focus on innovation and growth opportunities both in Australia and Asia

Scrip Consideration

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- ◆ Salmat and HPA have agreed a 'collar' mechanism for the benefit of both sets of shareholders
- ◆ Subject to the scaleback (see below), HPA shareholders who elect to receive Salmat shares will receive between 0.5040 and 0.5784 Salmat shares depending on the Scheme VWAP:
 - The Scheme VWAP is the average of the daily VWAP for Salmat shares during the 10 days immediately prior to the Scheme meeting
- ◆ If the scrip elections exceed 33.7 million Salmat shares, the scrip consideration will be scaled back and the balance paid in cash

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Scheme Consideration	318
Estimated transaction costs	7
Funding requirement	325
New debt	(190)
Scrip elections and other	135

- ◆ The funding requirement will be satisfied by way of:
 - incremental debt
 - Scrip elections and other = New Salmat shares issued to HPA shareholders and other sources
- ◆ The enlarged Salmat is expected remain conservatively geared, net debt approximately \$275 million:
 - Debt/EBITDA: < 3x
 - EBITDA/Net Interest: >5x

Indicative Timetable

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- ◆ Scheme lodgement with ASIC: August
- ◆ First court hearing: Early September
- ◆ HPA despatch Scheme Book: Mid September
- ◆ HPA Shareholders Scheme Mtg: Mid October
- ◆ Court approval: Mid October
- ◆ Implementation: Late October

Summary

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- ◆ Creation of Australia's leading Business one-to-one communications force
- ◆ Excellent strategic and cultural fit
- ◆ Low risk implementation
- ◆ Increased scale of operations and cashflows
- ◆ Expanded shareholder base
- ◆ Significant value creation
- ◆ Positions Salmat for further long term growth
- ◆ Salmat FY07 Results guidance reaffirmed

Important Notice

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Company announcements and presentations can contain forward-looking statements. Words such as “believe”, “anticipate”, “plan”, “expect”, “intend”, “target”, “estimate”, “project”, “predict”, “forecast”, “guideline”, “should”, “aim” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include but are not limited to: competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with, and possible changes in, environmental and health and safety laws; dependence on cyclical markets; the supply and cost of materials; exposure to environmental or other legal proceedings; and risks of conducting business internationally. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.