



Salmat's marketing solution

Salmat is a marketing services provider.
We offer a range of solutions to help clients
connect with their customers, week-in, week-out.

Salmat's unique combination of targeted letterbox and online channels enables clients to effectively Reach, Convert and Serve their customers at every stage of the consumer journey: when they are considering a purchase, when they are ready to buy and when they become a repeat customer and brand advocate.

Alongside Marketing Solutions, Salmat also offers a wide range of back office solutions, through our Philippines-based Managed Services business.





BRAND PROMISE

We connect you

VISION

Our vision is to be the leading Australian marketing partner enabling our clients to understand and successfully reach all Australian consumers with targeted, data-driven communications.

VALUES

Innovation

Accountability

FY19 STRATEGIC PILLARS



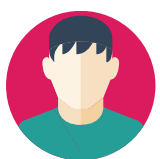
Marketing Solutions Evolution

In FY19, Salmat is investing in innovation to extend our unmatched marketing capabilities and secure Salmat's position as the market leader in our industry. We will further develop the salmathub tool and release new Lasoo functionality. We are also developing our data capabilities to drive benefits for clients and shareholders alike.



Sales Excellence

This pillar is about embedding a client success focused sales culture and a consistent, structured and coordinated approach to sales for our clients, prospects and partners. We will better align marketing and sales efforts in FY19 to improve sales enablement, grow client engagement and retention and achieve our revenue targets across both our business segments.



People

Salmat's people underpin everything we do. Our focus in FY19 is making sure we have programs in place to enable our people to perform at their best and make Salmat a great place to work. We will continue to build leadership capability; improve the onboarding process for new staff; ensure Salmat's strategy is clearly understood; and further develop an aligned and engaged culture.

with your customers



Client Focus

Teamwork



Operational Sustainability

We must ensure that we can deliver on our commitments to clients. In FY19 our focus is on improving digital solution service levels, efficiency and performance; undertaking a proof of concept trial for collation in the catalogue business; improving our ability to attract and retain independent catalogue distributors; and enabling further growth in our Managed Services segment.

Chairman's message



Peter Mattick AM,
Chairman

22.6%

growth in underlying profit
after income tax

PERFORMANCE OVERVIEW

Salmat has undergone another year of momentous change. With the completion of the strategic review and the sale of several businesses – including the significant Contact Centre business – Salmat is now quite a different entity than it was 12 months prior.

Some of the notable events for the past year included:

- The strategic review that commenced in FY17 continued into FY18 and was completed in March 2018. This comprehensive review encompassed the entire business and included innovation, growth and sustainability.
- As a result of the review, a number of businesses were sold or discontinued, including Fuse, MessageNet, Interactive and Contact Centres. A combined gain on sale of \$51.8 million after tax was realised from the sale of these businesses.
- The review also led to the commencement of a number of innovation projects within the Marketing Solutions business. These included the salmathub app used by catalogue distributors, and continued development of our catalogue aggregation site, Lasoo. The Board also approved a proof-of-concept trial of automated catalogue collation, which commenced in July 2018.
- The Philippines-based MicroSourcing business continued to perform strongly, with further growth in both revenue and EBITDA.
- The Board was pleased to recommence fully franked dividends in FY18, including the payment of an interim dividend in April 2018 and a special dividend in July 2018.
- Salmat also repaid its remaining debt facilities during FY18 and ended the financial year with a net cash position of \$78.5 million.
- The Group maintained its strong operating cash flows of \$14.7 million.

8.1%

underlying EBITDA margin



Salmat's strategy is to innovate around our traditional core businesses, so that our customers continue to have a clear competitive edge and to ensure the long-term sustainability of the industry.

BOARD AND EXECUTIVE CHANGES

Both the Board of Directors and Senior Executive team have reduced this year as we streamlined these teams following the business sales.

John Thorn and Fiona Balfour retired from the Board after fourteen and almost eight years of service respectively, and these director positions were not replaced. Our sincere thanks to both John and Fiona for their valuable input during that time.

Following the sale of the Contact Centre business, our structure was reviewed and the senior executive team was also reduced. Chief Operating Officer Chris Walsh retired on 28th June and this role was not replaced. General Counsel Kathleen Forbes also left Salmat at this time. Both Chris and Kathleen made a great contribution the transformation over the past several years and we thank them for their efforts.

Former General Manager of Contact Solutions, Matthew Carracher, was appointed as Head of Strategy during June and was subsequently appointed General Manager of Marketing Solutions in July following David Webster's decision to step back from the role due to health reasons.

STRATEGIC DIRECTION

During FY18, our management team completed a comprehensive strategic review of the business.

As a result of this review, Salmat elected to sell two businesses: the MessageNet premium SMS business and our large Contact Centre operation in Australia, New Zealand and the Philippines. We also sold Fuse: a marketing solutions portal aimed at franchise businesses. We thank the departing staff involved and wish them well under the new ownership.

This decision brought about a renewed clarity of focus on our Marketing Solutions business. For almost 40 years, this has endured as Salmat's core business, with an unmatched capability to reliably reach more Australian consumers every week than any other medium that is retained and revisited over time. We have been working to better align the traditional catalogue medium with digital marketing tools, extending the reach, life and effectiveness of our clients' marketing messages.

We will also continue to support further growth in our MicroSourcing business, which is now the predominant business within the new Managed Services segment. This business has achieved growth each year since its inception. In FY19 we will invest in new facilities to enable continued expansion.

For FY19, Salmat's priorities are based within four strategic pillars: Marketing Solutions Evolution, Sales Excellence and Operational Sustainability, underpinned by People. Rebecca Lowde will detail some of the specific activities related to these pillars in her CEO's Report.

Salmat has a clear strategic direction and a reinvigorated approach to growth, based around innovating our core services.

CAPITAL MANAGEMENT

The Board was pleased to recommence dividends during FY18.

A fully franked interim dividend of one cent per share was paid in April 2018.

A special dividend of eight cents per share, fully franked, was also announced in June 2018, following the completion of the Contact Centre business sale.

The final dividend of two cents per share, fully franked, payable in October 2018 brings total payments to shareholders from these dividends to \$22 million.



The sale of MessageNet and Interactive services for \$15.3 million and the Contact Centre business for \$53 million during FY18 meant that Salmat was able to retire all debt and close the year with a net cash position of \$78.5 million. Part of this was earmarked for the special and final dividend payments and the remainder has been retained for investment in innovation programs and further growth across the business.

THANK YOU

On behalf of Salmat's Directors, thank you to everyone at Salmat for your efforts over the past 12 months. We also extend our appreciation to our valued shareholders, clients and other stakeholders for your continued support.

I look forward to updating you on Salmat's progress at our Annual General Meeting in November.

PETER MATTICK AM
Chairman

CEO's report



Rebecca Lowde, CEO



Salmat has been through a transformational year in FY18. With a tighter solutions focus and clear priorities for FY19, we are targeting further profit and new business growth.

While FY18 was a year of major change, I believe that it has resulted in a stronger Salmat. We now have two clearly defined business segments; a solid management team; a strong vision with a strategy to achieve this vision; and an exciting innovation agenda that is already showing positive results. We are revitalising Salmat's core business to ensure that our industry remains vibrant and fruitful for many years to come.

FINANCIAL PERFORMANCE

With the sale of the significant Contact Centre business, our financial results for FY18 have been restated to reflect the performance of the ongoing business.

Revenue of \$250.2 million was down 3.2% on the previous year for continuing operations. New business across all solutions and increased discretionary spend by MicroSourcing clients was insufficient to bridge the gap left by lost business in Marketing Solutions.

Underlying EBITDA of \$20.3 million was up 0.5% on FY17 for continuing operations.

Significant items made a larger impact this year, totalling \$16.6 million compared with \$0.6 million. Most of this relates to a goodwill impairment charge in the Marketing Solutions business, as continued industry decline as well as some underperforming Digital businesses led to a review of the segment's carrying value.

The large net significant items cost had a carry-on effect on net profit after tax, resulting in a loss of \$5.2 million for the year. The comparative profit in FY17 was \$8.7 million. Excluding significant items, underlying net profit after tax for FY18 was \$11.4 million.

Net cash increased in FY18, following the sale of a number of businesses. After dividend payments and repayment of debt, net cash at year end was \$78.5 million.

Following significant efforts over the past few years, operating cash flow remained strong this year, with \$14.7 million net cash inflow from operating activities for FY18.

\$250.2_m

Revenue from continuing operations

\$20.3_m

Underlying EBITDA from continuing operations

Results (in \$ millions except where stated)

FINANCIAL PERFORMANCE

	2014	2015	2016	2017	2018*
Revenue	452.8	498.1	450.8	435.3	250.2
Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)	18.2	13.3	19.6	22.8	20.3
Underlying earnings before interest, tax and amortisation (EBITA)	8.6	2.2	9.5	13.9	15.3
Net significant items included in the result (before tax)	-9.4	-91.3	-6.8	-0.6	-16.6
Statutory net profit/(loss) after tax (NPAT)	0.8	-98.0	-6.0	4.3	-5.2
Earnings per share (cents)	0.2	-62.8	-5.0	2.3	-2.6

CASH FLOW

Operating cash flow	12.5	-5.7	5.4	19.1	14.7
Cash capital expenditure	16.2	8.5	3.6	5.7	3.6
Net cash	50.0	23.1	14.6	8.8	78.5
Interest coverage ratio (%)	NMF	7.3	11.0	13.5	-

OTHER KEY MEASURES

EBITDA margin (%)	4.1	2.7	4.3	5.2	8.1
Net profit margin (%)	0.2	-19.7	-1.3	1.0	-2.1
Return on capital employed (%)	2.5	-1.0	4.6	6.1	9.5
Employees (full time equivalent)	3,658	3,640	3,097	3,216	584

DIVIDENDS

Ordinary dividends (cents per share)	15.0	—	—	—	3.0
Special dividends (cents per share)	—	—	—	—	8.0

*Continuing operations following sale of contact centres and smaller businesses

STRATEGIC PROGRESS

Having launched a strategic review of the entire business during FY17, this process continued into FY18. The initial scope of the review expanded to consider new opportunities as we received various approaches after it commenced.

The review was effectively finalised in March with the announcement that we had agreed to sell Salmat's Contact Centre business. This followed the earlier sale of the smaller MessageNet and Fuse businesses in December 2017.

We recognise that the competitive environment continues to evolve and as such will continue to review further opportunities as they arise, but at this stage our formal review exercise is complete and our strategy is in place.

While the review ultimately delivered a successful outcome, it did place demands on Salmat staff during FY18. As well as

those directly involved in the review process, the wider team felt the impact of the sale of various businesses, and structural and management changes as we brought media and digital solutions closer together. The second half of FY18 in particular was about securing stability and building momentum in sales. The leadership team is now complete and aligned. The remaining gaps in the sales team were filled and the right structure is in place.

During FY18, our key strategic objectives included not only completing the review but further evolving our two key divisions: Marketing Solutions and Contact Solutions (now Managed Services).

Within Marketing Solutions, this included the launch of our salmathub technology; progressing feasibility discussions on automated catalogue collation; further integration of traditional and digital solutions; and additional optimisation of cost management initiatives. Salmat also

continued to lead discussion at an industry level about ensuring the longer-term sustainability of Australia's catalogue distribution network. This has been an ongoing process of engagement and education of all stakeholders – including clients – on the issue.

In Contact Solutions, we successfully completed the migration of all existing Contact Centre clients from the legacy Reach platform to the new cloud-based platform and continued to drive the operational excellence program established in FY17. The revitalised Contact Centre business proved an attractive proposition and Salmat was approached with an offer that ultimately led to a successful sale. The proposal provided an opportunity for the Contact Centre business to achieve the scale it required for success, while enabling Salmat to better focus on our core Marketing Solutions business and support MicroSourcing growth.

Following the conclusion of the strategic review, we have refined and built upon Salmat's strategy to develop three FY19 strategic pillars, underpinned by People. These pillars are:

Marketing Solutions Evolution

Investing in innovation to extend our unmatched marketing capabilities and secure Salmat's position as the market leader in our industry.

- salmathub
- Lasoo
- Data capabilities

Sales Excellence

Embedding a client success focused sales culture and a consistent, structured and coordinated approach to sales.

- Marketing
- Client engagement
- Revenue targets

Operational Sustainability

Ensuring that we can deliver on our commitments to clients.

- Service levels
- Distribution network
- Strategic relationships

People

Making sure we have programs in place to enable our people to perform at their best and make Salmat a great place to work.

- Leadership capability
- Onboarding process
- Communication
- Culture

We have a number of specific objectives relating to each strategic pillar. Each of these objectives is measurable, each is achievable and all of them will contribute to Salmat's success and long-term vision.

OPERATIONS REVIEW

We continue to operate two key business segments. **Marketing Solutions** includes our catalogue business and complementary digital solutions. **Managed Services** (formerly Contact Solutions) is now chiefly comprised of the MicroSourcing business.

The sale of the Contact Centre business was announced in March 2018 and completed in May 2018. The team worked hard to maintain consistently high service levels through the sale process and the separation process proceeded smoothly. Salmat continues to provide some transitional services on a contract basis, with complete separation expected by the end of 2018.

MARKETING SOLUTIONS

Marketing Solutions sales revenue for FY18 was \$176.9 million, down 7.5% on the prior year. Key factors contributing to this decrease included the continued industry volume decline in the catalogue market, retail market pressures and insufficient new business across the segment.

Competitive pricing pressures continued to be challenging. Some digital service areas – including ecommerce – also had delays filling key vacancies, which had an impact on service levels and thus revenue.

Marketing Solutions EBITDA did not decline at the same rate, down 5.7% to \$16.6 million. This was due to continued strong cost management as well as the sale of a number of smaller businesses within the segment following the strategic review. The segment EBITDA margin increased slightly to 9.4%.

Salmat once again maintained a majority market share in catalogue distribution and held top tier volumes. Salmat's overall catalogue volumes were down 3.0% for FY18, compared with overall industry drop of 2.3% on the prior year.

Catalogues continue to appeal to major retailers in particular as a reliable and proven marketing channel, with volumes growing almost 1% amongst Salmat's largest clients. Salmat remains the only distributor of all the major weekly catalogues. We reached a significant milestone with one major client in May 2018, marking six billion catalogues delivered on their behalf.

Volumes were less consistent for mid-tier and smaller clients, who tend to dip in and out of various marketing media and are more sensitive to market pressures. Salmat also trialled some changes during the year in the way smaller accounts are managed, with mixed success.

One of the most exciting developments in catalogues during FY18 was the continued roll out and development of the industry-leading salmathub technology.

This technology is based around an app used by catalogue delivery contractors and area managers. Through the app, contractors can view and accept contracts, map the most efficient walk route, track their walk, communicate any queries or issues with the area manager and advise completion of a delivery. Salmat can quickly and easily show clients real-time data on which areas have been completed and pinpoint any issues. This level of reporting substantiates our existing independent auditing that shows Salmat's superior delivery record.

The uptake of the app by contractors has been extremely pleasing and continues to improve. We have upgraded the app since its initial release to provide new functionality, including additional layers of detail on the campaign report map and store level reporting. We have also recently surveyed delivery contractors to find out which new features they would like added to make their job easier and will be incorporating these suggestions as we plan the roadmap for further upgrades.

In all, the salmathub technology is a true differentiator for Salmat that is increasingly being seen by clients as a significant benefit for their marketing campaigns.

FY18 also saw a continued effort to better integrate traditional letterbox and complementary digital marketing solutions, which share a number of common clients and marketing objectives. The sale of MessageNet, Interactive Solutions and Fuse in December 2017 helped this objective, with the remaining suite of services much more closely aligned with catalogue.

After a solid early FY17, some digital services had a drop in activity in the second half of that year. This trend continued into FY18. Ecommerce in particular underwent a number of major changes in FY17, including the departure of key management, other staff changes and a major software upgrade. New business and delivery standards both declined as a result.

Salmat appointed a new Head of Sales and Head of Digital and Performance Marketing during the year to help drive improvement and fill the sales pipeline.

The increased attention on the Marketing Solutions segment in FY19 and the strategic innovation focus will assist results for the coming year. We are pursuing several innovation and automation avenues to improve efficiency, aid the contracted walkers and grow the industry.

Salmat's superior value proposition in catalogues is resonating well with major clients and our innovation drive in areas such as salmathub and collation is generating strong interest.

We will continue to encourage further adoption of salmathub and update its functionality for contractors and clients alike.

Having identified the opportunity presented by Salmat's rich source of consumer data, we are currently exploring options to commercialise this offering and will define Salmat's data insights roadmap during FY19.

New Lasoo functionality will also be released, enhancing our digital catalogue offering. Integration with related offerings such as loyalty programs and technology such as voice assistants will provide additional value for users and new opportunities to better use Lasoo data.

Automated catalogue collation is another exciting opportunity that we are pursuing in FY19. Salmat has commenced a proof of concept trial to test the effectiveness of collation technology. This involves machine-collating the various catalogues for each run before they are distributed to the delivery contractors. The ability to supply collated bundles will reduce the time and effort required to prepare for a delivery walk. Preparation is underway for a second-phase trial to be operational by the second half of FY19. Should the small-scale trial prove successful, Salmat will evaluate the feasibility of progressing to a national distribution model.

We are excited by the opportunities to innovate our Marketing Solutions segment and create unique value for all stakeholders in the process.

MANAGED SERVICES (FORMERLY CONTACT SOLUTIONS)

Managed Services revenue grew by 9.3% to \$72.8 million for FY18. This growth was achieved both from new clients and by extending the scope of work within the existing client base.

Managed Services EBITDA grew at an even faster rate, up 15.4% to \$10.5 million. Both MicroSourcing's total billable seats and seat utilisation grew by year end, contributing to improved earnings.

MicroSourcing provides managed outsourced services from the Philippines and was first partially acquired by Salmat in February 2014. The business achieved steady, reliable growth since that time and the remaining 50% was acquired in August 2016.

The range of services provided includes customer support, copywriting and online moderation; back office services including finance and human resources; creative services such as graphic design and animation; and IT services including software development and social media.

During FY18, MicroSourcing increased its total number of clients, with a trend towards smaller starting size accounts. Growth from within the existing client base is a particular strength of the business, as many clients start small to 'test the waters' and increase their headcount once they are confident in the provided service.

While the client base remains largely US-based, much new growth came from Australian clients and we see further opportunity to target this local market. Most new clients are still acquired through the website and online search optimisation and we will continue to invest in digital marketing to support this channel. While we previously trialled business development staff on the ground in both the US and Australia, the website, search and word of mouth remain the most reliable sources of new business for MicroSourcing.

Total billable headcount grew by 7.5% during the year even with the exit of Salmat's Philippines Contact Centre business, which had utilised MicroSourcing services.

Overall client attrition remained low and employee engagement scores grew, as tracked by third-party auditing.

In the wider Philippines environment, FY18 saw an increase in the number of new market entrants, however no competitors have yet been able to match the scale, experience or proven reputation of MicroSourcing.

The political and regulatory environment both in the Philippines and the US have presented some challenges for the Philippines business process outsourcing industry in general. While we remain alert to the issues, this has not yet had any significant impact on MicroSourcing.

In FY19, MicroSourcing will be investing in new facilities to build much-needed additional capacity. This is a staged process, with one facility expected to be operational by the second half of FY19. The overall expansion will see a 20% increase in total seats, as MicroSourcing meets growing demand. Also in FY19, MicroSourcing will be building a new website to further improve the conversion rate of online prospects; renewing its ISO certifications; and continuing further process improvement across the business.

OUTLOOK

The sale of the Contact Centre business towards the end of FY18 presented a unique opportunity to start FY19 as a redefined, tighter business.

↑ **9.3%**

Managed Services revenue grew by 9.3% to \$72.8 million for FY18

↑ **7.5%**

Total billable headcount grew by 7.5% in FY18

In a way, Salmat has come full circle, with renewed attention on the catalogue.

Getting communication into people's homes has been our forte since day one. We are now returning our focus to this core competency. Today it's no longer just paper catalogues, but a suite of data-based services including digital catalogues, ecommerce, search and email. The basic premise remains the same, however: helping clients to reach, convert and serve their customers.

In FY19 we will be laying smart innovation and technology over our market-leading network reach and capability, to increase the value of our offering and extend our share of wallet.

We will also be supporting further growth in the Managed Services segment as the proven MicroSourcing business continues to lead this market in the Philippines.

We are confident in our strategy and will work towards delivering results for all of our valued stakeholders.



REBECCA LOWDE
CEO

Board of Directors

Salmat's Directors draw on their broad experience and specialised expertise to guide the strategic direction and oversee the corporate governance of the business.



PETER MATTICK AM
Chairman

Peter Mattick co-founded Salmat Limited in 1979 and served as its Joint Managing Director until his retirement from executive duties with Salmat in October 2009. Since that time Peter has remained as a Non-executive Director of the company and assumed the role of Chairman in November 2013.

Peter has served as Chairman and Director of the Australian Direct Marketing Association and is a member of the National Aboriginal Sports Corporation. He is a Fellow of CPA Australia and the Australian Institute of Company Directors, a Governor of the Advisory Council for the Institute of Neuromuscular Research and Chairman of The Shepherd Centre for profoundly deaf children. Peter was educated at the University of New South Wales where he gained a Bachelor of Commerce degree. Peter was awarded a Member (AM) in the General Division of the Order Of Australia in 2014.



STUART NASH
Non-executive Director (Independent)

Stuart is Interim CEO of Kinrise Foods – a diversified FMCG company – and a Non-executive Director of Opteon Group Holdings – a national property valuation and advisory business. He is also Chairman of Australian Affordable Housing Securities Limited. Stuart's executive experience includes over 20 years in accounting and investment banking with global firms including Macquarie Capital and Barclay's Capital, specialising in mergers and acquisitions, debt and equity capital markets and strategy. Stuart is a qualified accountant, holds a Bachelor of Arts (Honours) from Cambridge University and is a graduate of the Australian Institute of Company Directors.



BART VOGEL
Non-executive Director (Independent)

Bart is the Chairman of Infomedia Limited and a Non-executive Director of Invocare Limited, Macquarie Telecom Limited and BAI Communications. He is also a Director of the Children's Cancer Institute Australia. Bart's executive career included more than 20 years in management consulting as a partner with Bain & Co, A.T. Kearney and Deloitte Consulting and more than ten years as a CEO in the technology industry for Asurion Australia, Lucent Technologies (Australia and Asia Pacific) and Computer Power Group. He is a Chartered Accountant with a Bachelor of Commerce (Honours) and is a Fellow of the Australian Institute of Company Directors.



MARK WEBSTER
Non-executive Director

Mark is presently Managing Director of the thoroughbred sales group, William Inglis and Son Limited and Chairman of Ardex Technology, a software solutions company based in Sydney. Mark has had extensive, hands-on experience in extending traditional businesses into the online environment, both in the media industry and in his current role. Mark has established the Inglis Digital division and introduced a number of innovations to extend the traditional trading capability of that company. Mark has also served as Director on a number of Boards over the past 15 years, including realestate.com.au and Nationwide News Limited where he was also general manager of The Daily and Sunday Telegraph and The Australian newspapers.

Senior Executives

Salmat's senior executive team leads the implementation of strategic initiatives and ensures day-to-day operational excellence.



REBECCA LOWDE
Chief Executive Officer

Rebecca joined Salmat as Chief Financial Officer in August 2014 and was appointed Chief Executive Officer in May 2017. Prior to Salmat, Rebecca spent five years as CFO of Bravura Solutions, a financial software and service provider. She also served on the Bravura Board as an Executive Director and played a key role in its privatisation from an ASX-listed business. Rebecca has more than 20 years of experience in finance and international operations and has held senior executive positions in Australia, Europe and Asia, for businesses including Business Objects, Lexmark and Oracle.



ALEX PANICH
Chief Financial Officer

Alex joined Salmat in 2016 as Group Financial Controller and was appointed as Chief Financial Officer in May 2017. Prior to this, Alex held a number of senior finance roles in Australia, the UK and Malaysia, with a particular focus on driving commercial strategy, managing cost base and cash flows and supporting growth initiatives. Alex holds a Bachelor of Science degree and is a member of the Institute of Chartered Accountants Australia.



MATTHEW CARRACHER
General Manager - Marketing Solutions

Matthew joined Salmat as General Manager of Contact Solutions in 2015. Following the sale of the Contact Centre business, Matthew rejoined Salmat as Head of Strategy in June 2018 and was subsequently appointed as General Manager of Marketing Solutions in July 2018. Before Salmat, Matthew had 20 years of experience in Operations, Product Management and Customer Service Management, primarily in the corporate travel industry.



SJOERD KROSSE
CEO - MicroSourcing

Sjoerd heads up Salmat's MicroSourcing business, having served as its CEO since April 2016. Prior to this, Sjoerd was COO of MicroSourcing for three years, growing the company from 2,000 to over 4,000 employees. Backed by 17 years of experience in the IT, business consultancy and outsourcing industries, Sjoerd was previously a Senior Manager in the Financial Services Consultancy group at Accenture in Amsterdam for 11 years. Sjoerd holds a Master of Science degree in Business Information Technology from the University of Twente in the Netherlands.



LEISA WILLIAMS
Head of People

Leisa joined Salmat in 2015 as regional Senior People Manager and was appointed as Head of People in 2016. Prior to this, Leisa had more than 15 years of experience in human resources management in IT, print and healthcare industries. Leisa has particular experience in aligning human resources initiatives with business development and growth. She holds a Bachelor of Commerce, Human Resources and Industrial Relations.

Corporate Responsibility

Salmat recognises that we have an obligation to operate in a socially responsible and sustainable manner. We strive to create an environment where people enjoy coming to work and contribute to the community at a local, national and international level.

PEOPLE

Salmat's people are at the heart of our business. While we have always known this to be true, we placed additional emphasis on supporting and developing our staff during FY18 and will do so again in FY19. 'People' is the theme of one of our four key strategic pillars for the coming financial year.

We aim to make Salmat a great place to work and provide staff with access to comprehensive training resources and a variety of special offers. We are always looking for opportunities to deliver further benefits. We also regularly seek feedback through employee pulse surveys to track satisfaction and engagement.

FY18 was largely a year of consolidation as the People team continued to build on programs put in place during FY17.

There was also a lot of work done to ensure a smooth separation process for the various businesses sold during the year, supporting both departing and remaining staff. A number of staff in Melbourne also relocated to new CBD office location following the Contact Centre sale.

We continued to promote wider staff use of our online training resource, which offers learning modules on a comprehensive range of professional skills and personal development topics. We also extended the rollout of sales upskilling and a leadership curriculum for emerging and senior leaders, with specialised face-to-face training.

Salmat's I-ACT employee award program proved popular in FY18. Around 440 staff were nominated by their peers and formally recognised for their contribution during the year. Outstanding staff were recognised at an annual award night in August.

The Diversity and Inclusion Council regained momentum in FY18, with a new charter and policy put in place and an expanded calendar of activities.

Through our charter, Salmat is committed to creating and maintaining a diverse and inclusive workforce that reflects the communities in which we live and conduct business. We aim to increase the diversity of our workforce – leading to a range of different thinking, perspectives and ideas that create the innovation we need to drive better business results.

We aim to foster a work environment where people feel they belong and where everyone can realise their full potential.

HEALTH AND SAFETY

Salmat has increased our focus on health and safety in recent years and we are proud of what we have achieved in this important area. We take a proactive approach to not only preventing injuries but also supporting and encouraging physical and mental health and promoting a safety culture.

We have a dedicated Safety and Wellness portal that provides access for all employees to safety news and alerts, safety reporting dashboards and tools and information such as an ergonomics educator and details of special health-related offers.

During FY18, 'Safety Walks' continued to be a regular occurrence in all Salmat sites. Any staff member can complete a safety walk, which involves completing a guided safety audit of work environments. Salmat has made this easy, by providing an app that enables staff to complete a checklist and add photos and comments. The completed report is then emailed to the local safety committee. More than 1,000 Safety Walks were completed across Salmat sites in FY18.

Salmat's transparency of safety and incident reporting is strong, with a focus on 100% reporting being measured through our Total Injury and Incident rates and then benchmarked across similar sites.

We completed FY18 with our lowest ever claims costs in our recorded history, with an 82% decrease on FY17. Additionally, FY17 was 94% lower than FY16, so we continue year-on-year improvement in recent times.

Our Lost Time Injury Frequency Rate for recordable lost time injuries showed a 12-month rolling average of 1.74 per million hours worked at the end of FY18, with no serious injuries recorded. This figure was up on FY17, partly due to the sale of the large Contact Centre business in May 2018, which reduced the total working hours in the calculation by year end.

Additionally, Salmat's Prestons NSW team was formally recognised for safety achievements during FY18, with an iCare Silver Award as part of NSW Government safety awareness program.

Training and development of our site key contacts also continued during the year for Physical First Aid, Mental Health First Aid and Fire/Emergency Response personnel.

During FY18, we particularly focussed on encouraging positive mental health for our staff, with support and training offered through our Employee Assistance Program partner. We held management training sessions to improve awareness on assisting with mental health issues in the workplace, as well as supporting Salmat's Diversity and Inclusion goals.

Our proactive Wellness program continues to provide information and benefits for our staff to help them improve their physical and mental wellbeing. In Australia and New Zealand, staff have Salmat-funded access to an Employee Assistance Program, which provides a range of confidential services on a 24/7 basis.

We commenced building an in-house online Wellness Program during FY18, which will be launched in FY19. This program aims to build on our health and safety culture for continued positive results while increasing staff engagement.

Salmat's partnership with accredited exercise physiologists in Victoria also continued to assist with local programs in FY18. We expect to roll out this program online as part of our new Wellness Program in FY19.

COMMUNITY

Salmat has a long history of supporting charity and community-based initiatives. We also encourage our staff to do the same, by making it easy for them to donate and matching employee contributions.

Salmat Activate is the primary fundraising program that we operate in Australia and New Zealand. Salmat Activate assists a range of staff-nominated charities, supporting each charity for at least a 12 month period. Salmat employees are able to specify a regular donation that is deducted from their salary, with every donation matched dollar-for-dollar by Salmat.

For FY18, Salmat in Australia continued to support the Royal Flying Doctor Service (RFDS) and the Outback Car Trek, which raises funds for the RFDS. These two charities were selected in honour of Salmat co-founder, Phil Salter who passed away in late 2016 and was a passionate supporter of these groups.

The RFDS provides emergency evacuations throughout rural and remote Australia for people who are seriously ill or injured and require urgent medical attention. The Outback Car Trek has been supporting the RFDS for 29 years and raised in excess of \$28 million during that time.

In New Zealand, Activate again supported Save the Children NZ, an organisation that works tirelessly to ensure children achieve a happy, healthy and secure childhood. Save the Children New Zealand works towards ending child poverty and providing education opportunities, as well as responding to humanitarian crisis worldwide.

More than \$50,000 was raised through Activate for these organisations during FY18.

Local branches and staff also raised funds for a number of causes throughout the year, participating in events such as Movember, Dry July and the Biggest Morning Tea for cancer support. Salmat's Sri Lankan office sponsored a special city outing for a group of primary school students and their teachers, giving them an office tour and a visit to the Colombo zoo and planetarium, as well as special study pack gifts.

Salmat has also sponsored several students and athletes over the years.

Currently, Salmat is continuing to support a scholarship program established in FY15 to support rural and particularly Indigenous students attending the University of NSW Business School. Recipients must be high achieving, academic students who have demonstrated leadership, initiative and commitment to their studies and their local community. The \$20,000 scholarship assists undergraduate students with the cost of on-campus accommodation for up to three years, enabling them to fully participate in university life. We will commence the selection of our next sponsored student shortly.

ENVIRONMENT

Salmat recognises that it has a responsibility to protect the environment beyond merely compliance with all applicable environmental laws, rules and regulations. While our business operations do not carry a high inherent risk to the environment, we support initiatives to reduce adverse effects and consider environmental factors in our business decisions.

We continue to strive to understand and reduce our environmental impact where possible, and work in partnership with our third party suppliers to achieve environmentally sound processes and recycling of waste products.

Following a successful program in NSW in FY17, we rolled out new lower-impact lighting in our major Queensland and Victorian warehouses during FY18. Existing 400W mercury high bay lighting was replaced with LED units, resulting in combined savings across the two sites of more than 114,000kWh in energy consumption. This is equivalent to a reduction in greenhouse gas emissions of approximately 112,000kg CO₂/kWh.

We will continue to target further positive changes and improvements to our environmental standing in FY19.

↓ 82%

We completed FY18 with our lowest ever claims costs in our recorded history, with an 82% decrease on FY17



Lower-impact lighting rolled out in our major Queensland and Victorian warehouses during FY18

1,000+

More than 1,000 Safety Walks were completed across Salmat sites in FY18

440

Staff were nominated by their peers and formally recognised for their contribution during the year



We continued to promote wider staff use of our online training resource

SALMAT LIMITED

ABN 11 002 724 638

REGISTERED OFFICE

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Stuart Nash Non-executive Director (Independent)
Bart Vogel Non-executive Director (Independent)
Mark Webster Non-executive Director (Independent)

COMPANY SECRETARY

Stephen Bardwell

AUDITORS

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STOCK EXCHANGE LISTING

Salmat Limited shares are listed on the Australian Securities Exchange.

ASX CODE

SLM

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at:
10.00am Wednesday 28 November 2018
Museum of Sydney
Corner Bridge and Phillip Streets
Sydney NSW 2000

Please refer to the formal Notice of Meeting for full details.

KEY DATES

Annual General Meeting	28 November 2018
Half year results	February 2019
Full year results	August 2019

The Australian Securities Exchange will be notified of any changes to these dates.