

A man with short dark hair, wearing a green polo shirt, is leaning over a wooden table. A young child with light brown hair, wearing a blue and orange striped shirt, is sitting at the table. They are both looking down at a document on the table. The man's hand is resting on the table near the child's hand. The background is a light gray with a faint white grid pattern. In the top left corner, there is a large pink circular graphic with a white border and a dotted pattern. Inside the circle, the text "salmat" is written in a bold, sans-serif font, followed by "Celebrating" in a smaller font and "40 YEARS" in a bold, sans-serif font. Surrounding the central graphic are several smaller circular icons: a yellow circle with a white envelope icon, a pink circle with a white laptop icon, a teal circle with a white magnifying glass over a globe icon, a blue circle with a white magnifying glass over a document icon, and a gray circle with a white magnifying glass over a document icon.

salmat
Celebrating
40 YEARS

salmat
REACH • CONVERT • SERVE

SHAREHOLDER REVIEW 2019

Salmat's marketing solution

For over 40 years, Salmat has helped organisations to connect with Australian consumers, 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 being made aware of the brand or offer, 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 offshore office-based solutions, through our Philippines-based Managed Services business. We make it easy and affordable for businesses to build their own professional teams handling anything from animation or accounting through to technical support and web development.





Our strategy

Salmat's strategy is to **innovate our core strengths** in order to drive long-term sustainability.

This strategy was launched in FY18 and we have continued to pursue innovation priorities within our four key pillars throughout FY19.

OUR STRATEGIC 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.

Sales Excellence

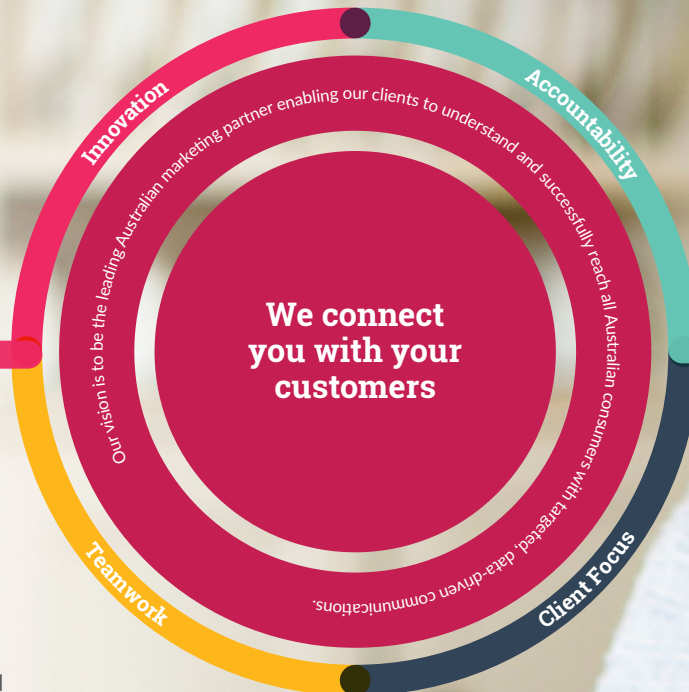
Embedding a client success focused sales culture and a consistent, structured and coordinated approach to sales.

Operational Sustainability

Ensuring that we can deliver on our commitments to clients.

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.



Then and Now

Like so many great Australian success stories, Salmat started with an idea shared over a few drinks at the pub.



In 1979, Philip Salter and Peter Mattick - assisted by Phil's father, Tom — saw a gap in the market for letterbox distribution services and founded a small operation based in Regents Park, NSW. In those early days, clients were cold-called from the telephone book and delivery areas were determined by highlighting the relevant sections in a street directory.

Phil and Pete worked hard to build the business and prove the benefits of catalogue advertising to their clients. Within five years, Salmat was turning over \$35 million per annum and during the 1980s, the business expanded to become a national operation that included letterbox, printing and direct mail.

Over the next two decades, data management, contact centres, business process outsourcing and international operations were added to the mix. At its largest, Salmat had revenues of just under a billion dollars.

In the last ten years, Salmat has largely returned to its roots, having progressively divested those businesses outside the core operations of Marketing Solutions and Managed Services.

Today, Salmat operates Australia's largest letterbox distribution network, reaching up to 17 million Australians in 7 million homes, twice a week. And yet modern letterbox marketing is far more precise and measurable than ever. Clients are able to use sophisticated segmentation and targeting to pinpoint their audience and ensure catalogues are delivered only to the most effective locations. Deliveries are mapped using the salmathub tool and independently audited.

Digital catalogues, ecommerce services and online search complement the print catalogues to create points of engagement at every stage of the consumer journey.

Plus through Managed Services, clients can optimise their own operations by setting up a dedicated, professional team via MicroSourcing in the Philippines.

It's a world away from Salmat's humble beginnings back in 1979, yet we have never stopped delivering on the original client promise of 'getting your message home'.

LETTERBOX DELIVERY VOLUMES



69%

of Australians

aged 14+ read catalogues



Salmat reaches up to

17m

People

EACH WEEK

Chairman's Message

40 years ago, it was hard to imagine what Salmat might look like today. A lot has changed, but no matter the channel or the degree of sophistication, Salmat is still in the business of connecting our clients with their customers.

Peter Mattick AM,
Chairman



PERFORMANCE OVERVIEW

In FY19, Salmat helped make more than 4.8 billion connections, via letterbox, digital catalogue, website and online search and marketing.

We also continued to pursue the innovation agenda that underpins our long-term strategy.

Some of the key developments for the past year included:

- Following the sale of the Contact Centre business in May 2018, the separation process was successfully completed during FY19. A number of employees were retained to manage the separation and subsequently left Salmat early in the second half of the year. Corporate costs for the full year were reduced by a third.
- After an initial automated catalogue collation trial using third-party equipment, Salmat commenced a second-phase trial using collation technology installed within our own production environment. This trial has provided some valuable insights and proved very successful to date.
- Despite difficult market conditions and intense competition in the Marketing Solutions segment, we secured a number of key new wins during FY19, that will make a positive contribution to FY20 results.
- Given the ongoing challenges in Marketing Solutions and particularly the catalogue distribution market, the Board reviewed a number of options to improve the sustainability of the distribution industry during FY19. We continue to assess these opportunities as we work towards securing a positive and prosperous future for Salmat's employees, clients, shareholders and the industry at large.

- Salmat's managed services MicroSourcing business continued to flourish, growing both revenue and earnings in FY19. This was from a combination of new business and organic growth.
- The Board was pleased to distribute fully franked dividends during FY19, including a special dividend in July 2018, final dividend in October 2018 and interim dividend in April 2019. Subsequent to year end, the Board declared a fully franked special dividend.
- Salmat improved operating cash flow in FY19, generating \$17.5 million before tax. This was an increase of 19% over the prior financial year.

EXECUTIVE CHANGES

There were a few key executive changes during FY19.

Alex Panich was confirmed as Chief Financial Officer in August 2018, having served as Acting CFO since June 2017.

Matthew Carracher was appointed as General Manager, Marketing Solutions in July 2018, after rejoining the business as Head of Strategy in June 2018. Matthew previously headed up the Contact Solutions segment before it was sold.

Head of People, Leisa Williams and Chief Technology Officer, Dave Glover both left Salmat in March 2019, as planned in line with the reduced operations following the Contact Centre business sale and separation process.

STRATEGIC DIRECTION

Salmat's operations were reset during FY18 with the sale of a number of businesses, leaving Marketing Solutions and Managed Services as the two key segments. In FY19, we invested in both segments in line with our overarching strategy. We remain focussed on four key strategic pillars: Marketing Solutions Evolution, Sales Excellence and Operational Sustainability, underpinned by People.

The Marketing Solutions segment is built upon our traditional core business of catalogue distribution. Paper catalogue distribution remains highly relevant and valuable for our clients, so we are working to secure its future and provide even more sophisticated measurement and accountability of its results than ever before. We also further developed our digital marketing and data insights capabilities in FY19.

Managed Services is a newer part of the organisation that has proven itself with continued growth year on year since Salmat fully acquired the MicroSourcing business in 2016. MicroSourcing is the market leader in its field, based on a superior offering and a solid business model. During FY19 we invested in facilities and marketing in order to support its ongoing success.

Salmat's approach across both segments is to engage on the basis of value and return on investment for our clients, rather than participating in unsustainable price wars. Salmat has always been the innovator in our markets and we are proud to continue this paradigm.

OPERATING
CASH FLOWS

\$17.5

million

SPECIAL DIVIDEND

5.0

cents per share

CAPITAL MANAGEMENT

The Board was pleased to continue paying dividends for FY19, having recommenced regular dividends in FY18.

A fully franked interim dividend of one cent per share was paid in April 2019.

Due to the statutory loss arising from the impairment of goodwill in FY19, Salmat was unable to pay a fully franked final dividend for FY19. However subsequent to year end, the Board declared a fully franked special dividend of five cents per share, payable in October 2019.

Salmat closed the financial year with net cash of \$58.6 million, down from \$78.5 million as at 30 June 2018. The Board has elected to maintain a cash balance until strategic options for the catalogue distribution industry are fully assessed. This includes innovation such as automated catalogue collation, which may require a substantial capital investment depending on the determined scale of rollout.

THANK YOU

On behalf of the Board, sincere thanks to everyone at Salmat for your commitment and effort over the past 12 months and always.

Thank you also to our valued shareholders, clients and other stakeholders for your continued support, both today and over the past 40 years of operation. We could not have done it without you.

I believe that Salmat still has many opportunities in the years ahead and I look forward to updating you on our progress at our Annual General Meeting in November.



PETER MATTICK AM
Chairman

We are layering modern technology and data over Salmat's traditional core businesses, ensuring that our customers maintain a clear competitive edge and that the industry remains sustainable for years to come.



CEO's report

Salmat is playing the long game. Having witnessed our industries shift in many different directions over the years, we remain undistracted by temporary noise and focussed on enduring success.

We have steered a steady course in FY19. Guided by our strategy, we have rolled out new technology in support of Marketing Solutions Evolution; pursued Sales Excellence with additional training and resources; put new programs and systems in place to ensure Operational Sustainability; and invested in our People.

We have also grown FY19 revenue, underlying profit and operating cash in a difficult market while we pursue our innovation agenda.

FINANCIAL PERFORMANCE

Our financial results in FY19 reflect a strong focus on cost management and efficiency in an environment of rising costs and lower volumes.

Revenue from continuing operations of \$251.0 million was up from \$250.2 million in FY18. This was due to both new business and an increase in existing customer spend, and in spite of a \$7.9 million reduction to FY19 revenue following a change in accounting standards. Overall, Managed Services performed well while Marketing Solutions continued to face industry challenges. Despite those challenges, there were a pleasing number of new business wins throughout the year, particularly towards the end of FY19.

Underlying EBITDA from continuing operations of \$19.0 million was down on the prior year by \$1.3 million. Managed Services grew earnings in line with revenue, while Marketing Solutions EBITDA declined due to increasing cost of delivery and operational challenges within Salmat's digital suite of solutions.

Significant item costs totalled \$38.1 million for FY19, compared with \$16.6 million in FY18. For FY19, this included restructuring costs of \$0.7 million; industry review fees of \$0.7 million as we looked at opportunities to improve catalogue industry sustainability; and collation proof-of-concept costs of \$0.8 million for the NSW trial being conducted.

The FY19 significant item costs also included two impairments. An impairment expense of \$32.5 million for Marketing Solutions was driven by competitive pressure in the catalogue industry and increases to the cost of delivery in the distribution network. A \$2.7 million impairment was also incurred for the Reach Media joint venture, which faced a challenging year through continued competitive pressure and volume decline in the New Zealand market. Reach Media also had an asset write off included in the joint venture loss for the year of \$0.6 million.

Net loss after tax from continuing operations of \$26.0 million was largely driven by the significant items.

Net cash at 30 June 2019 was \$58.6 million, down from \$78.5 million at 30 June 2018. Dividends totalling \$21.9 million was the largest cash outflow, while operating cash inflow was up on the previous year at \$17.5 million.

STRATEGIC PROGRESS

In FY19 we maintained a consistent approach from the prior year, focussed on strategic priorities within the four key areas of Marketing Solutions Evolution, Sales Excellence, Operational Sustainability and People.

Our strategy is founded on the principle of innovating and improving on our current strengths - adding modern technology, optimising systems and using the power of data to add value to our service offering.

Marketing Solutions Evolution for FY19 centred on technology and data improvements across the segment.

One of the key initiatives was the continued roll out and development of the salmathub technology launched in FY18. We added functionality during the year and have continued to see high uptake and use of the app by distributors, including acceptance of contracts, providing feedback and mapping of delivery walks.



Rebecca Lowde,
CEO

This is also providing useful information to clients, who can compare confirmed delivery with store sales and measure the effectiveness of catalogue deliveries.

A new salmathub portal was also launched during FY19, enabling people to quickly and easily sign up as distributors, update their account information and communicate with the Salmat network.

Overall, salmathub is providing differentiation in the market and improved engagement with users. We will continue to enhance this technology in FY20.

FY19 also saw the establishment of a comprehensive data insights program. Having identified our data assets and areas of opportunity, we engaged a data management vendor and have commenced data insights trials with a number of clients. We will be expanding our data insights team and further investing in data capabilities in FY20 as we consider this to be a crucial element of future marketing solutions.

Another objective during the year was to better unify our traditional catalogue and digital solutions into one integrated offering. This also involved bringing ecommerce and digital solutions such as search engine marketing and optimisation closer together, which has created a unique competitive advantage. Few others offer ecommerce, SEO and SEM as a bundled offering.

Within ecommerce, we undertook a review of our offering and decided to partner with BigCommerce during the year, adding another option to complement the Magento platform already offered.

Salmat's online catalogue site, Lasoo was also updated during FY19, with the launch of Lasoo List Voice for Google Assistant devices. A new version of the mobile app was developed during the year, adding a raft of new functionality and features, and was released in August 2019.

Salmat targeted Sales Excellence in FY19 through a combination of training, resources and process changes to improve client engagement.

FY20-FOUR STRATEGIC PILLARS

Salmat's overall strategy remains consistent for FY20, with specific priorities within each strategic pillar.



MARKETING SOLUTIONS EVOLUTION PRIORITIES

- Grow digital and performance marketing
- Expand data insights program
- Drive Lasoo traffic growth
- Extend product roadmaps



SALES EXCELLENCE PRIORITIES

- Enhanced customer experience
- Continuous improvement in engagement
- Defined collation offering



OPERATIONAL SUSTAINABILITY PRIORITIES

- National collation technology rollout
- Grow distributor pool
- Continue operational excellence program
- Measurable, audited delivery improvement



PEOPLE PRIORITIES

- Maintain strong employee engagement
- Nurture high performance culture
- Develop future leaders

UNDERLYING
NPAT

7.9%

growth

UNDERLYING
EBITDA

\$19.0

million

UNDERLYING PROFIT
AFTER TAX

\$12.1

million

OPERATING
CASH FLOWS

\$17.5

million

UNDERLYING
EBITDA

7.6%

margin

CEO's report (continued)

Results (in \$ millions except where stated)	2015	2016	2017	2018*	2019*
FINANCIAL PERFORMANCE					
Revenue	498.1	450.8	435.3	250.2	251.0
Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)	13.3	19.6	22.8	20.3	19.0
Underlying earnings before interest, tax and amortisation (EBITA)	2.2	9.5	13.9	15.2	15.5
Net significant items included in the result (before tax)	-91.3	-6.8	-0.6	-16.6	-38.1
Statutory net profit/(loss) after tax (NPAT)	-98.0	-6.0	4.3	-5.2	-26.0
Earnings per share (cents)	-62.8	-5.0	2.3	-2.6	-13.0
CASH FLOW					
Operating cash flow	-5.7	5.4	19.1	14.7	17.5
Cash capital expenditure	8.5	3.6	5.4	1.9	6.2
Net cash	23.1	14.6	8.8	78.5	58.6
Interest coverage ratio (%)	7.3	11.0	13.5	—	—
OTHER KEY MEASURES					
EBITDA margin (%)	2.7	4.3	5.2	8.1	7.6
Net profit margin (%)	-19.7	-1.3	1.0	-2.1	-10.3
Return on capital employed (%)	-1.0	4.7	6.5	10.4	14.4
Employees (full time equivalent)	3,640	3,097	3,216	584	524
DIVIDENDS					
Ordinary dividends (cents per share)	—	—	—	3.0	1.0
Special dividends (cents per share)	—	—	—	8.0	—

*Continuing operations following sale of contact centres and smaller businesses

We focussed on developing an improved range of marketing and sales enablement resources and established a product and technical training program to give our team a comprehensive kitbag of sales tools and knowledge.

We also tweaked internal processes and practices to ensure optimal client engagement as we communicated Salmat's value proposition.

We did have some success during FY19 in securing a number of important wins on the basis of our innovation and investment in the industry. Clients are increasingly recognising that return on investment is more important than simply choosing the cheapest option.

MicroSourcing also continued to see success in securing new sales through online marketing. Salmat allocated additional resources to this area during FY19 to develop a new MicroSourcing website, with new content and functionality and enhanced search engine optimisation and marketing. This new website was recently launched and has been tracking well to date.

Operational sustainability is front of mind for Salmat at the moment. This particularly relates to our catalogue distribution network, which has been under pressure for some time.

One of the avenues we are investigating is automated catalogue collation. This allows us to deliver pre-collated bundles to distributors, so they are ready to commence a delivery walk straight away. Automated collation has revived the catalogue industry in Europe to the point that areas previously struggling to find distributors now have waiting lists: we see potential for similar improvement here. Having completed a trial with a third-party provider, Salmat took delivery of our own collation equipment during FY19 to undertake a larger-scale trial within our own production environment. This trial has proved very informative and successful to date and we are currently assessing the logistics of a national rollout.

We have also put a lot of work into operational excellence and improving service levels. We have established a continuous improvement program to drive efficiency, consistency and quantifiable improvement within Salmat and to provide better measurement and auditing of service delivery for clients.

With MicroSourcing almost at full capacity, we invested in new facilities during FY19 to meet current demand and provide room for future growth. Both sites are fully functional and accommodating new staff.

Salmat's strategy relating to People is to ensure we provide the right resources and support to enable people to perform at their best.

In FY19 we focussed on standardising and improving the onboarding process for new employees; providing company-wide training resources as well as specialised sales and leadership training; improving communication across the organisation; and supporting a strong culture.

We measure employee engagement and seek feedback at regular intervals and were pleased to see our high level of engagement maintained in FY19. We will continue striving to drive further improvement.

For FY20, we will persist with our vision of becoming the leading Australian marketing partner, enabling our clients to understand and successfully reach all Australian consumers with targeted, data-driven communications. While our overarching strategy remains the same, we have updated our priorities to reflect progress made to date and the current environment.

OPERATIONS REVIEW

We continue to operate two key business segments. **Marketing Solutions** includes our catalogue business and complementary



digital solutions. **Managed Services** is primarily comprised of the MicroSourcing business, which helps clients establish multidisciplinary back office teams based in the Philippines.

Marketing Solutions

Marketing Solutions revenue for FY19 of \$162.4 million was down from \$176.9 million in the prior year. The introduction of a new accounting standard - AASB 15 *Revenue from Contracts with Customers* - reduced Marketing Solutions revenue by \$7.9 million. Revenue was also negatively impacted by catalogue volume decline and lost business in digital solutions.

Marketing Solutions EBITDA was \$10.2 million in FY19, down from \$16.6 million in the prior year. Reduced volumes, increased stock weight and a higher average selling cost impacted margins.

The catalogue market has been highly competitive and challenging for several years now. Intense price competition remains prevalent. Costs have increased for both clients and suppliers for goods and services such as paper and freight. Volumes have slowly declined as retailers experiment with other marketing channels or exit the market altogether. All of these factors have impacted both revenue and margin.

Yet catalogues still deliver proven results. Readership remains high amongst all age groups and catalogue reach outstrips other media such as television, radio and newspapers. Almost 70% of Australians aged 14+ read catalogues and more than 85% of women 18-30 have bought an item after seeing it in a catalogue.

Overall industry volumes for catalogue distribution were down 3.8% in FY19. Salmat volumes held stronger for the year, down 2.6% on FY18, as we grew market share with some key wins.

We don't expect market conditions to ease in the near future, but while the external environment is not changing, Salmat is making changes from the inside out. Innovation and investment is required to ensure the industry remains sustainable and as market leaders, Salmat is setting the pace.

Innovation like our salmathub technology and automated collation equipment will enhance the catalogue experience for distributors, clients and consumers alike. Further improvements to demographic targeting and delivery verification will reduce waste and raise the value and professionalism of the medium.

As we mature our data insights capabilities, this will also become a key element of our offering. Salmat has a wealth of proprietary data and access to third party data that can overlay and add significant value to our clients' own information. Initial client trials during FY19 uncovered a wide scope of possibilities that are currently being explored and expanded.

Salmat's ecommerce and digital services had a challenging FY19, which impacted pipeline, new wins, billable utilisation and service delivery. Two new sales resources were appointed towards the end of FY19 to help boost new business for FY20. A review of the ecommerce business has put new standards and practices in place to improve productivity.

The Lasoo site and app upgrades developed during FY19 have recently been released and should drive increased traffic for FY20.

The operational excellence program established in FY19 will also continue to deliver improvements during the coming year. Redundant processes have been retired and every part of the business has been examined to identify and eliminate unnecessary manual handling and duplication. Standardisation across the business will help to increase efficiency and client service levels.

Managed Services

Managed Services revenue grew by 20.6% to \$87.8 million for FY19. Organic growth from existing clients was the largest contributor to this increase, supplemented by new business wins.

Managed Services EBITDA grew by 27.6% on the prior year to \$13.4 million. This growth was achieved even with increased costs due to investment in facilities and marketing.

MicroSourcing remains the largest part of Managed Services. With a unique outsourcing offering, it provides an attractive offshoring model for small to mid sized businesses. MicroSourcing enables clients to access the benefits of offshoring - and maintain direct management control of their staff - without the complexity or risk. MicroSourcing has the ability to source highly-qualified, skilled staff across a range of competencies including web design, accounting, recruitment, engineering and claims processing.

FY19 was another good year of growth for this business that has delivered consistently good performance since its inception.

This growth is achieved via both new and existing clients, as MicroSourcing traditionally does well from existing clients who start with a small number of seats and expand once they have seen the results. Some clients do eventually expand to the point where they elect to set up their own operations, however there is generally a very low rate of churn.

While we have trialled a number of different business development models, new MicroSourcing clients are predominantly sourced via web search. Recognising this, the fresh MicroSourcing website recently launched has enhanced search engine optimisation and supporting online marketing to help direct potential clients to the improved content.

Steady growth and a tight commercial real estate market in the Philippines had taken MicroSourcing close to full capacity in FY18. Salmat elected to invest in expanded facilities in Manila, which successfully opened during FY19.

On the back of the recent investment, FY20 will in many ways be a 'business as usual' year for MicroSourcing, as we leverage the new website to continue to fill the new facilities.

OUTLOOK

The past financial year has seen Salmat make great strides in many areas. We are proud of our progress in areas of innovation such as data insights, salmathub and collation. We are also confident that our operational excellence program will deliver further continuous improvement across all areas of the business in the coming year.

Salmat has continued to grow revenue, manage costs, maintain an engaged workforce and advance a range of future-focussed investment programs against the backdrop of a changing and often turbulent market. Thank you to all of the Salmat team for persevering and having faith in our long-term strategy.

In FY20, we will pursue our innovation agenda with an increased focus on clients and improving the customer experience. With forty years of experience under our belt, we have the wisdom yet still the energy and enthusiasm to succeed.

REBECCA LOWDE
CEO

Board of Directors

With a diverse range of business experience and specialised knowledge, Salmat's Directors **advise on strategy** and oversee the corporate governance of the business.



PETER MATTICK AM
Chairman



STUART NASH
Non-executive Director
(Independent)



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. He is a Fellow of CPA Australia and the Australian Institute of Company Directors 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 is currently Chairman 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 CEO/CFO roles in a large, privately owned consumer foods business and over 20 years in finance with global firms including Macquarie Capital and Barclay's Capital, specialising in mergers and acquisitions, debt and equity capital markets and strategy. Stuart qualified as an 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)



MARK WEBSTER
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 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



ALEX PANICH
Chief Financial Officer



MATTHEW CARRACHER
General Manager -
Marketing Solutions



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 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 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



CARLIE PILLING
Senior Manager,
People



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.

Carlie joined the Salmat People team in 2011 and was appointed as Senior Manager, People in August 2018. Carlie has over ten years of human resources experience in digital, ecommerce, print, corporate and contact centre industries. Carlie has particular experience in organisational change and transformation, employee relations, strategic planning and employee engagement. Prior to this, Carlie had extensive management experience in contact centre operations.

Corporate Responsibility

At Salmat, we are committed to operating in a sustainable and socially responsible manner. We strive to create an environment where people enjoy coming to work and have an opportunity to contribute to the wider community.

PEOPLE

Our people are crucial to Salmat's success. This is something we have recognised in our strategy, with 'People' being one of the four key strategic pillars directing our operations and long-term planning.

Accordingly, we put a lot of time and effort into supporting and developing our employees, providing access to comprehensive training resources and a range of staff benefits. We have a reward and recognition program in place and regularly seek feedback to track employee satisfaction and engagement.

During FY19 we continued to build on the programs and improvements put in place over the previous few years.

We aim to provide a great experience for our people from the first moment they join Salmat. A key goal for FY19 was improving the onboarding experience, from the initial application through to end of probation. There has been a considerable amount of effective change in this space, validated by positive feedback from new employees and hiring managers. We now have a streamlined and consistent orientation and onboarding experience for all new Salmat employees. This will continue to be a focus in FY20.

Training and development on a range of skills and topics is available to all employees via Lynda.com. More than 45,500 training videos totalling almost 3,000 hours were viewed by our people in FY19 and we will continue to promote this resource in FY20.

Salmat also offered a three month English language program for employees based at our Colombo, Sri Lanka office. Weekly lessons helped staff improve their English proficiency and increased their confidence when communicating with colleagues, clients and other stakeholders.

We continued to roll out leadership training in FY19, including a specialised workshop and follow up coaching sessions for approximately 25 leaders during the year.

A total of 225 employees were nominated by their peers and formally recognised for their contribution during the year as part of the I-ACT Awards. These awards celebrate the people who consistently demonstrate Salmat's values of innovation, accountability, client focus and teamwork. The FY19 winners were recognised at the Annual Awards Night held in August, where awards for Team of the year and Leader of the year were also presented.

Salmat's Diversity and Inclusion Council continued to expand its range of activities during FY19, establishing a calendar of events and awareness initiatives throughout the year. Key dates including Harmony Day and NAIDOC Week were promoted and celebrated with activities and information for employees.

Sri Lanka's employee-led culture committee arranged a two-day trip attended by around 50 employees, who enjoyed sightseeing and team building activities. This is planned as an annual event.



Employee engagement across the business was consistent for FY19 at 76%. This is an excellent result, but we are always aiming for improvement and will seek ways to raise engagement in FY20.

HEALTH AND SAFETY

Salmat has raised the profile of health and safety in our business 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 incidents and injuries but 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. We also regularly distribute safety and wellness tips to all staff.

One of the proactive initiatives we encourage at Salmat is regular 'Safety Walks' in all 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. Employees across Salmat completed more than 1,000 safety walks during FY19.



1,000+
SAFETY WALKS COMPLETED
in FY19



76%
employee
engagement



225
employees

NOMINATED BY THEIR
PEERS FOR I-ACT AWARDS



Our Lost Time Injury Frequency Rate (LTIFR) showed a 12-month rolling average of 8.3 per million hours worked at the end of FY19. This was up on the FY18 figure of 3.8 per million hours, largely due to the sale of the contact centre business in May 2018, which significantly reduced the total working hours in the calculation for FY19. The number of actual incidents remained similar year on year. We are aiming to reduce the LTIFR below six in FY20.

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

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.

Even with our strong safety track record, new measures have been implemented to ensure further proactive steps are taken to manage safety during FY20. This process is being tracked using a new planning tool, which will be used for benchmarking and reporting.

We are tracking a new metric in FY20: the Total Case Incident Rate (TCIR) is the number of work-related injuries per 100 full-time workers per annum. Salmat's TCIR at the end of FY19 is 2.7 and we are aiming to bring this below 2 during FY20.

We also have a revised safety strategy in place, incorporating the four headlines of Proactively Manage Safety; Improve Safety Engagement; Improve Employee Wellness; and Manage Safety Through Accountability. We will measure our performance against these key areas throughout the year.

Any safety-related incidents will be analysed to identify contributing factors and opportunities for improvement.

COMMUNITY

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

Salmat Activate is the primary fundraising program that we operate in Australia. 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 FY19, 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 30 years and raised in excess of \$28 million during that time.

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.

During FY19, Salmat also continued to support a scholarship program first 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.

ENVIRONMENT

Salmat recognises that we have a responsibility - beyond compliance with all applicable environmental laws, rules and regulations - to ensure that our impact on the environment is minimised and counteracted wherever possible.

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 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.

Salmat aims to reduce, reuse and recycle where possible in the key areas of paper use; energy and water consumption; waste; office supplies; maintenance and cleaning; purchasing and equipment disposal.

We are currently assessing solar panel implementation for each site and will continue to target further positive changes and improvements to our environmental standing in FY20.



MORE THAN

45.5k

TRAINING VIDEOS

viewed



\$20k

annual

UNSW SCHOLARSHIP



24/7

staff access to

EMPLOYEE ASSISTANCE PROGRAM

SALMAT.COM.AU

SALMAT LIMITED

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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

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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 Tuesday 26 November 2019
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	26 November 2019
Half year results	February 2020
Full year results	August 2020

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

