



**RESULTS FOR THE HALF YEAR
ENDING 31 DECEMBER 2016**

Andrew Sidwell Chief Executive Officer - Australia/NZ
Andrew Lumsden Chief Financial Officer



We are a leading global
independent creative production agency
Specialising in content creation and innovative technology

We are fortunate to work with leaders of industry who genuinely want to create meaningful connections with their customers. Our role in the process is to add value by bringing ideas to life and by providing our support and expertise to ensure our clients' content is delivered in the right context, with speed, accuracy and consistency.

WE MEASURE OURSELVES BY OUR CLIENTS' SUCCESS.

BLUE CHIP CLIENT BASE



3 STREAMS OF BUSINESS



CONTENT

Design

Copywriting

Art Direction

Photography

Creative Retouching

CGI

Animation

3D

Video



PRODUCTION

Production Management

Traffic Management

Artwork

Colour Management

Adaptation

Translation

Print Production

Digital Production

TV / Video Production



TECHNOLOGY

Marketing Resource Management

Digital Asset Management

Online Approval

Catalogue Automation

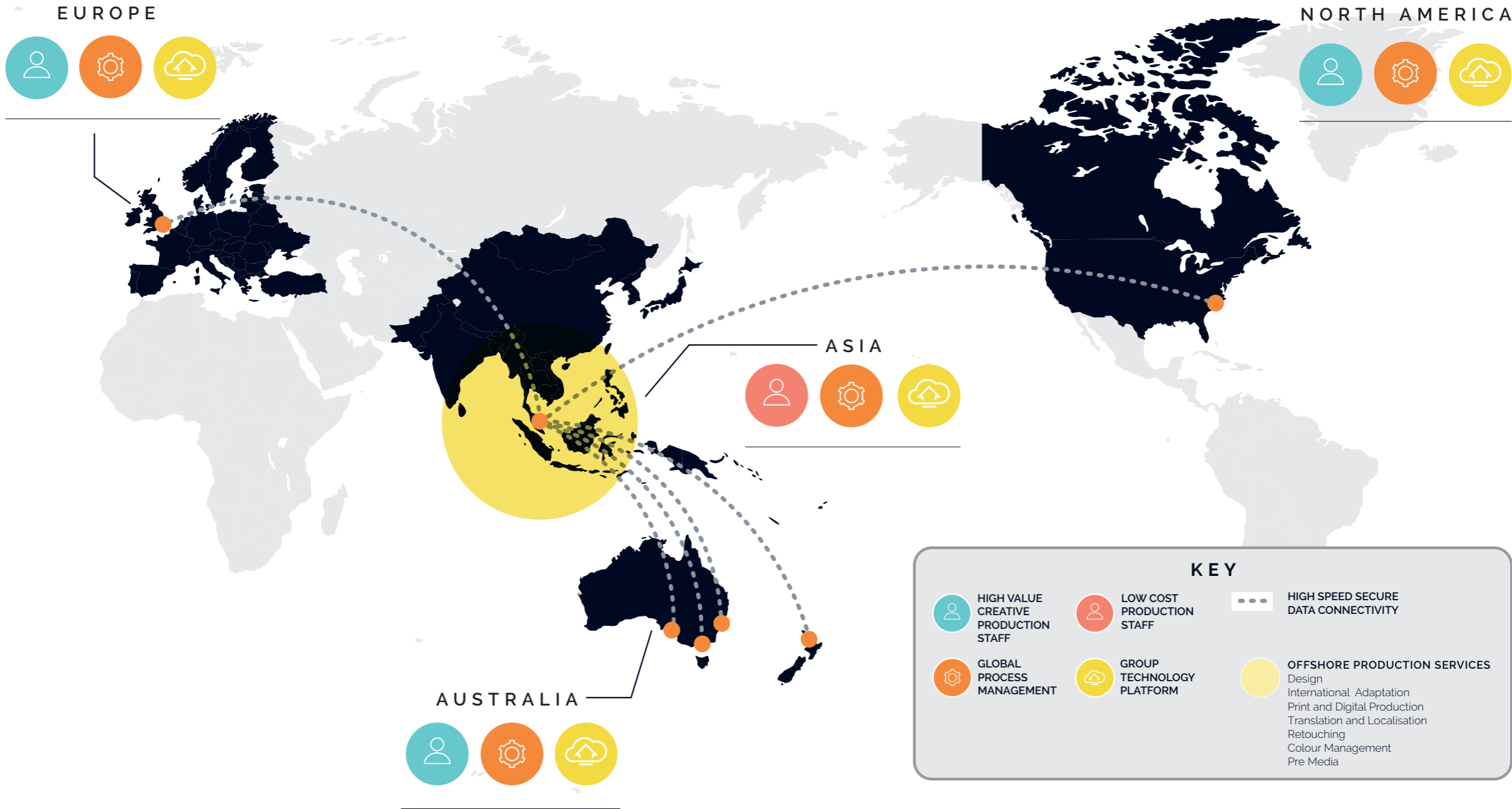
Local Area Marketing

Print Procurement

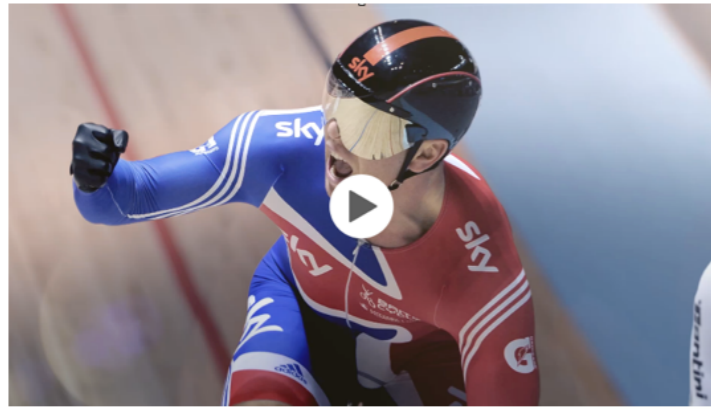
App Development

Workflow Automation

24/7 GLOBAL PRODUCTION CAPACITY



ALL CHANNELS, ALL INDUSTRIES, MULTIPLE LANGUAGES



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WE THINK YOU'LL BE INTERESTED IN OUR UPCOMING CONTENT ON THE MSD FERTILITY WEBSITE

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MSD Fertility

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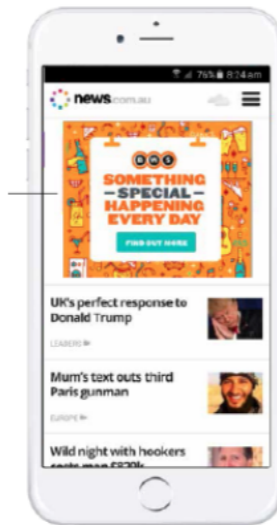
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LET'S CONNECT™
The Telecom Magazine

Discover the wonder of technology.
On Australia's fastest mobile networks.
Thrive On

Based on national average combined 3G/4G mobile speeds.



SIMON MALLS

SOUTHDALE CENTER

SOUTHDALE CENTER

SOUTHDALE CENTER

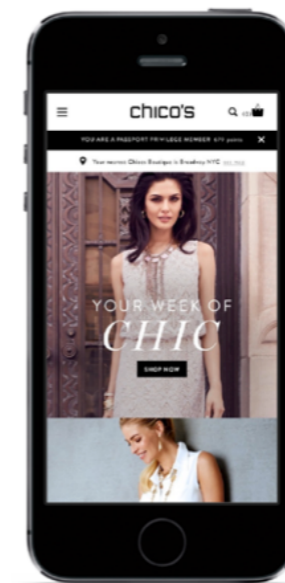
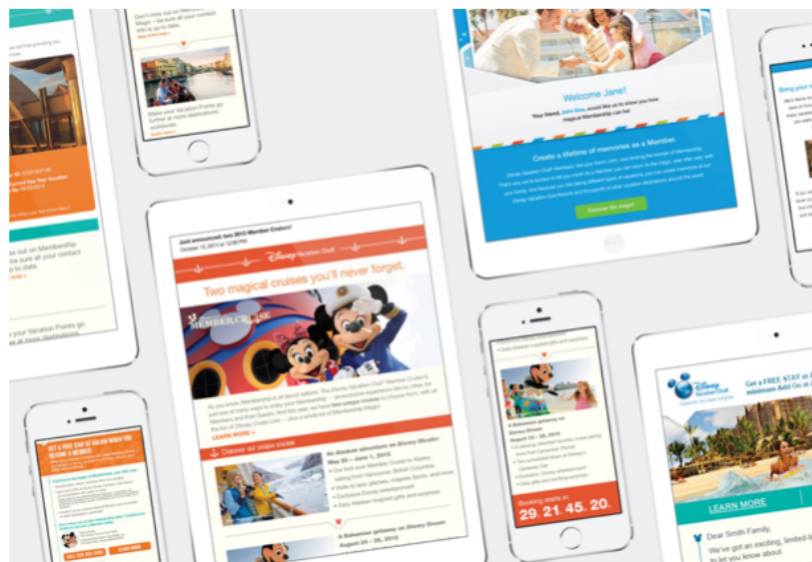
SOUTHDALE CENTER

SOUTHDALE CENTER

SOUTHDALE CENTER

SPREAD LOVE

J.Crew
H&M
Gordmans
Dave & Busters



バッテリーとダンスステップのいい関係

150 years

BASF
We create chemistry

TECHNOLOGY SOLUTIONS

We design, develop and deploy technology to make the craft of marketing easier and more efficient for our customers.



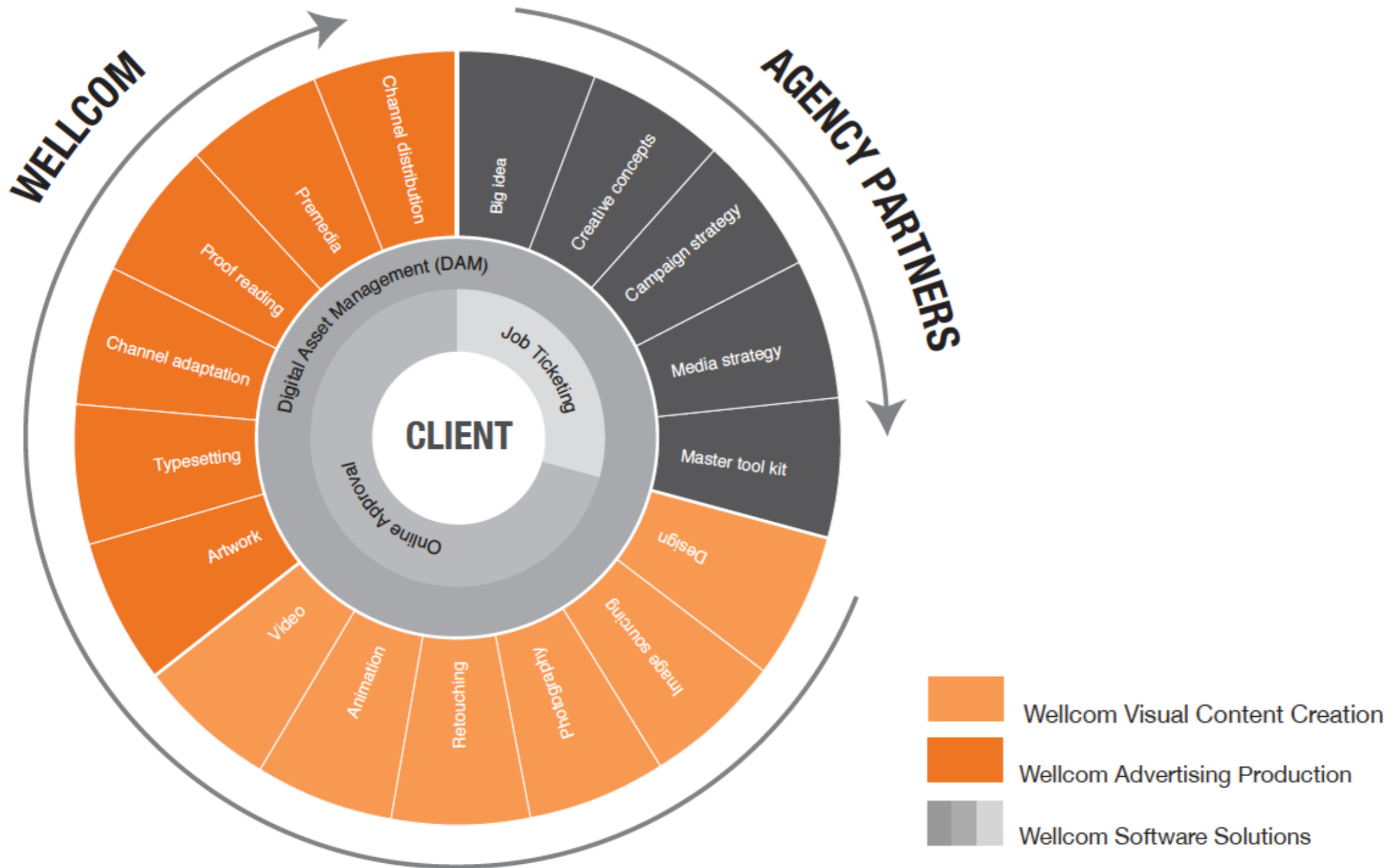
The marketing environment is changing rapidly. Marketers have to adapt to new media channels, disruptive business models and an increasing shift of market power towards customers.

To stay in control, marketing needs to improve the way daily operations are performed. Marketing processes, materials and software need to be in sync and flexible to allow the company to tap into opportunities and changing market conditions.

Our retail technology is a complete marketing solution. Designed by professionals with an intimate knowledge of marketing processes. This improves efficiency across the entire workflow, ensuring our clients are able to efficiently plan, store, build, produce, procure and approve rich and engaging content with speed, accuracy and consistency.



WE ARE PRODUCTION DECOUPLING EXPERTS



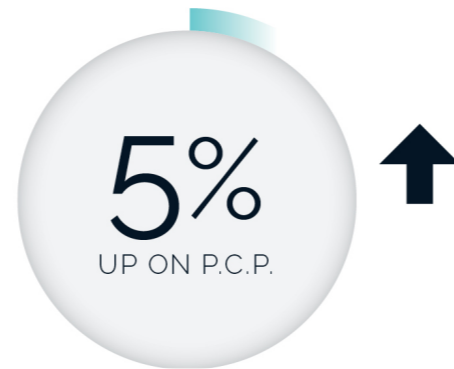
PERFORMANCE HIGHLIGHTS

NET REVENUES

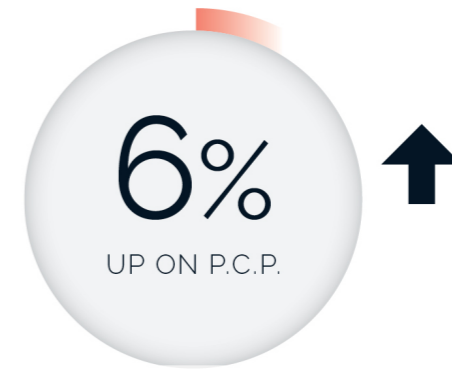
UP 1% EXCLUDING FOREIGN EXCHANGE IMPACT

FULL SERVICE HUBS NOW ACCOUNT FOR MORE THAN **70%** OF GLOBAL REVENUES

EARNINGS BEFORE INTEREST AND TAX



NET PROFIT AFTER TAX



STRONG CASH AND FINANCIAL POSITION

No debt

Cash on hand approximately \$4.0M

Net tangible assets per share of 43.62 cents

FULLY FRANKED
HALF YEAR
DIVIDENDS
INCREASED
TO **9.5 CENTS**
PER SHARE

MARKET CONDITIONS AND TRENDS

- ▶ Brands are shifting large portions of budget away from traditional marketing/advertising campaigns to “always on” content strategies, suiting production companies with experience in delivering large volumes of content frequently.
- ▶ Brands need nimble and responsive partners with content creation, production and technological expertise.
- ▶ Visual content (video, infographics and images) is the primary driver to make content more engaging, compelling and sharable than just the written word.
- ▶ Procurement departments are influential in the brand and production agency selection process.
- ▶ The retail market remains challenging.

SIGNIFICANT NEW BUSINESS WINS

Australasia

- ▶ AHM - Medibank (Creative Design, Digital and Social)
- ▶ Sigma Pharmaceuticals (Graphic Design)
- ▶ Treasury Wine Estates (Technology)
- ▶ Chemmart (Technology)

United Kingdom

- ▶ Havas Worldwide (Graphic Design)
- ▶ Lucky Generals (Graphic Design)

United States

- ▶ Pernod Ricard (Graphic Design, Web Development)
- ▶ Pink - Victoria's Secret (Creative Retouching)
- ▶ Dean and DeLuca (Web Development)

KEY RESULTS

| | 1H17 (\$m) | 1H16 (\$m) | Change (%) |
|---------------------------|---------------|---------------|---------------|
| Statutory revenue | 73.93 | 80.33 | (8.0) |
| Net revenue * | 49.68 | 52.11 | (4.7) |
| EBITDA | 9.84 | 9.39 | 4.8 |
| EBIT | 8.47 | 8.09 | 4.7 |
| Net profit for the period | 5.70 | 5.39 | 5.8 |
| EPS (cents) | 14.53 | 13.76 | 5.6 |
| DPS (cents) | 9.5 | 9.0 | 5.6 |
| Franking (%) | 100.0 | 100.0 | - |
| Return on net assets (%) | 17.34 | 16.28 | 6.5 |

- ▶ Net revenues grew 1% excluding foreign exchange impact.
- ▶ Net profit up 6% to \$5.7M.
- ▶ Dividend per share increased to 9.5 cents.
- ▶ Significant franking credits remain within the group.

* Net revenue excludes print management and other pass through costs

SUMMARY FINANCIAL POSITION

| | 1H17 (\$m) | FY16 (\$m) |
|--|---------------|---------------|
| Cash and debtors | 28.65 | 30.87 |
| Inventories and work in progress | 1.60 | 1.11 |
| Intangibles (Goodwill) | 47.61 | 47.63 |
| Intangibles (Software Development) | 1.32 | 1.28 |
| Debt | 0.21 | 0.26 |
| Equity | 65.73 | 65.43 |
| NTA per share (cents) | 43.62 | 42.31 |
| Debtor days | 52 | 48 |
| Working capital ratio | 1.64 | 1.55 |
| | 1H17 (\$m) | 1H16 (\$m) |
| Capital expenditure | 0.81 | 2.21 |
| Net cash flows from operating activities | 2.66 | 5.20 |

- ▶ Strong financial position with no debt.
- ▶ Prior period capital expenditure included full Apple Mac fleet refresh in Australia.
- ▶ Cash flows from operating activities to normalise in the second half.

GROUP RESULTS 1H17

| | 1H17 | 1H16 | Change |
|--|--------------|--------------|---------------|
| | (\$m) | (\$m) | (%) |
| Statutory revenue | 73.93 | 80.33 | (8.0) |
| Less: Pass through costs | (24.25) | (28.22) | (14.1) |
| Net revenue | 49.68 | 52.11 | (4.6) |
| Results from operating activities | 9.96 | 9.50 | 4.8 |
| Margin | 20.0% | 18.2% | 9.9 |
| Unallocated & restructure* | (1.49) | (1.41) | 5.8 |
| Net interest expense | (0.03) | (0.07) | (57.1) |
| Income tax expense | (2.74) | (2.63) | 4.2 |
| Net profit for the period | 5.70 | 5.39 | 5.8 |

* Includes \$276K of redundancy costs in 1H17 (1H16 \$230K)

AUSTRALASIA

| | 1H17 (\$m) | 1H16 (\$m) | Change (%) |
|---------------------|---------------|---------------|---------------|
| Net segment revenue | 27.60 | 28.60 | (3.5) |
| Segment result | 6.74 | 6.00 | 12.3 |
| Margin | 24.4% | 21.0% | 16.2 |
| Staffing | 314 | 339 | (7.4) |

- ▶ Net segment result up 12%, margin improvement to 24%.
- ▶ Leveraging low cost production through Wellcom Malaysia "Centre of Excellence".
- ▶ DSO of 48 days (Dec 16) from 45 days (Jun 16).

UNITED KINGDOM

| | 1H17 (\$m) | 1H16 (\$m) | Change (%) |
|---------------------|---------------|---------------|---------------|
| Net segment revenue | 9.20 | 9.77 | (5.8) |
| Segment result | 1.11 | 1.37 | (19.0) |
| Margin | 12.1% | 14.0% | (13.6) |
| Staffing | 79 | 88 | (10.2) |

- ▶ Segment revenues up 18% excluding foreign exchange impact.
- ▶ Duncan Stokes appointed as Managing Director of Wellcom London - 1 March 2017.
- ▶ Dippin' Sauce London opened November 2016.
- ▶ Continuing to leverage global relationships in new business wins (Michael Kors, DKNY, Pink).
- ▶ DSO of 53 days (Dec 16) from 50 days (Jun 16).

UNITED STATES

| | 1H17 (\$m) | 1H16 (\$m) | Change (%) |
|---------------------|---------------|---------------|---------------|
| Net segment revenue | 12.88 | 13.73 | (6.2) |
| Segment result | 2.11 | 2.13 | (0.9) |
| Margin | 16.4% | 15.5% | 5.8 |
| Staffing | 96 | 97 | (1.0) |

- ▶ Segment revenues down 2% excluding foreign exchange impact.
- ▶ Segment result maintained with improvement in margins.
- ▶ Continuing to leverage global relationships in new business wins (Michael Kors, DKNY, Victoria's Secret - Pink).
- ▶ DSO of 70 days (Dec 16) from 57 days (Jun 16).

STRATEGIC AND OPERATIONAL UPDATE

- ▶ New business wins including Sigma Pharmaceuticals (AU), AHM - Medibank (AU), Chemmart (AU), Treasury Wine Estates (AU), Pernod Ricard (US), Victoria's Secret - Pink (US) and Havas Worldwide (UK).
- ▶ Opening of Dippin' Sauce London - November 2016.
- ▶ Expansion of video/TV production services in all key markets.
- ▶ Further leverage of low cost production through Wellcom's "Centre of Excellence" - K.L.
- ▶ Ongoing development and deployment of Knowledgewell technology.
- ▶ Continued focus on complementary acquisitions, and strategic partnerships.

CONTACT DETAILS

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Chief Executive Officer - Australia/New Zealand

Andrew Lumsden

Chief Financial Officer

DISCLAIMER

The material in this presentation is a summary of the results of Wellcom Group Limited (Wellcom) as at the 21 February 2017, for the half year ended 31 December 2016 together with an update on Wellcom's activities, and is current at the date of preparation 21 February 2017. Further details are provided in the Company's full year accounts and results announcement released on 17 August 2016.

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