

# Appendix 4E

## Preliminary financial report

### Wellcom Group Limited

ACN 114 312 542

Current reporting period: Year ended 30 June 2017  
Previous reporting period: Year ended 30 June 2016

This preliminary final report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A.

#### Results for announcement to the market

##### Financial Results

				\$'000
Revenue *	down	7%	to	\$145,174
Profit after tax from continuing operations attributable to members	down	4%	to	\$10,627
Profit after tax from ordinary activities attributable to members	down	4%	to	\$10,627
Net profit for the period attributable to members	down	4%	to	\$10,627

\* Revenues (excluding print management pass through costs) of \$98,694k (2016: \$103,375k) represented a decrease of 5% over the previous corresponding financial period.

##### Dividends / Distributions

	Amount per security	Franked amount per security
Final dividend for the period ended 30 June 2017	13.5 ¢	13.5 ¢
Interim dividend for the period ended 31 December 2016	9.5 ¢	9.5 ¢
Record date for determining entitlements to the final dividend	1 September 2017	
Payment date for final dividend	15 September 2017	

##### Contents

Results for announcement to the market, based on the audited financial report of Wellcom Group Limited for the year ended 30 June 2017.

##### Additional Information

Additional Appendix 4E disclosure requirements can be found in the annual financial report of Wellcom Group Limited for the year ended 30 June 2017, lodged in conjunction with this report.

The information contained in this report is to be read in conjunction with any announcements made to the market by Wellcom Group Limited during the financial period.

For further information on Wellcom Group Limited, please visit our website at: [www.wellcomworldwide.com](http://www.wellcomworldwide.com)

## Explanation of Results

### **Operating results for the year**

The Group recorded statutory revenue of \$145,174k (2016: \$156,237k), representing a decrease of 7% over the previous financial year, with net revenue (excluding print management pass through costs) of \$98,694k (2016: \$103,375k) representing a decrease of 5% over the same period. The decrease in net revenues followed a strengthening of the Australian Dollar against overseas currencies, with net sales on a constant currency basis being consistent with the prior year. The Group has been successful in replacing the client losses of Dick Smith Holdings, Masters Home Improvement, and Stream Solutions (Westpac Bank) with significant new business wins including Pernod Ricard (US), J.C.Penney (US), Sigma Pharmaceuticals (Australia), Havas Worldwide (UK), and complemented by a full year contribution from Telstra (Australia).

Operating margins within the Group increased to 19.2% on a net revenue basis (2016: 19.0%), with strong margin improvement in both the Australasian and US markets.

EBITDA from continuing operations decreased by 2% to \$18,729k (2016: \$19,077k) with EBIT from continuing operations decreasing by 3% to \$15,965k (2016: \$16,443k), and NPAT from continuing operations decreasing 4% to \$10,627k (2016: \$11,104k).

The effective tax rate for the Group was 33% (2016: 32%).

### **Shareholder returns**

The shareholder returns presented below are based on results from continuing operations.

	<u>2017</u>	<u>2016</u>
Basic earnings per share (cents)	27.12	28.33
Return on net assets (%)	16.11	16.97
Dividend payout ratio (%)	84.82	79.41

### **Liquidity and financial condition**

The Group generated \$10,107k in cash from operating activities for the year ended 30 June 2017 (2016: \$13,593k) following a strong improvement in cash conversion in the second half of the year. Net assets increased \$534k to \$65,962k (2016: \$65,428k). As at 30 June 2017 the Group has cash equivalents in excess of interest bearing liabilities by \$6,684k (2016: \$7,505k). This, in combination with \$8,081k of unused bank facilities (2016: \$8,132k), provides significant capital to pursue complementary acquisitions as they arise.

### Dividends

A 100% franked final dividend of 13.5 cents per ordinary share was paid on 16 September 2016. The total amount of the dividend paid was \$5,290,650.

A 100% franked interim dividend of 9.5 cents per ordinary share was paid on 17 March 2017. The total amount of the dividend paid was \$3,723,050.

Total dividends paid during the financial year were 23.0 cents per ordinary share. The total amount paid was \$9,013,700.

A 100% franked final dividend of 13.5 cents per ordinary share was declared on 22 August 2017. The record date for determining entitlements to the final dividend is 1 September 2017. The final dividend will be paid on 15 September 2017. The total amount of the final dividend to be paid is \$5,290,650. As this dividend was not declared prior to the end of the financial year it has not been recognised in the accounts for the year ended 30 June 2017.

Total dividends paid or declared in relation to the financial year ended 30 June 2017 were 23.0 cents per ordinary share. The total amount paid or payable is \$9,013,700.

There are no dividend reinvestment plans or share buybacks currently offered or in operation.

**Net tangible assets per security**

Net tangible assets per security at 30 June 2017 was 46.26 cents (2016: 42.31 cents).

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**Entities over which control has been gained or lost**

There has been no change in control over the 100% owned subsidiaries Wellcom London Ltd, Wellcom Group Pte Ltd, Wellmalaysia Sdn Bhd, Wellcom Moving Images Pty Ltd, iPrint Corporate Pty Ltd, Wellcom Group Inc, theLab LLC, Dippin' Sauce LLC and Wellcom Group Ltd (Hong Kong).

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**Subsidiary and Joint Venture entities**

<u>Name of Subsidiary/Joint Venture entity</u>	<u>Country of incorporation</u>	<u>Ownership Interest At 30.06.17</u>	<u>Entity Net Profit After Tax \$'000</u>
Wellcom London Ltd	United Kingdom	100%	\$640
Wellcom Group Pte Ltd	Singapore	100%	-
Wellmalaysia Sdn Bhd	Malaysia	100%	(\$28)
Wellcom Moving Images Pty Ltd *	Australia	100%	-
iPrint Corporate Pty Ltd *	Australia	100%	-
Wellcom Group Inc	United States of America	100%	\$ 1,975
theLab LLC **	United States of America	100%	-
Dippin' Sauce LLC **	United States of America	100%	-
Wellcom Group Ltd	Hong Kong	100%	(\$19)

\* Wellcom Moving Images Pty Ltd and iPrint Corporate Pty Ltd were dormant for the whole of the financial year.

\*\* theLab LLC and Dippin' Sauce LLC profits are consolidated within its parent entity Wellcom Group Inc.

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