



WELLCOM GROUP DELIVERS 10% EARNINGS GROWTH AND INCREASES DIVIDENDS PER SHARE

20 AUGUST 2014

Wellcom Group Limited (Wellcom) (ASX: WLL), the world's leading independent advertising and marketing production agency, servicing clients with quality creative content and innovative technology, today announced its results for the year ended 30 June 2014.

	FY14	FY13	
	\$m	\$m	Change
Statutory Revenue	90.09	78.46	+ 15%
Net Revenue (excl. print management pass through costs)	62.74	53.61	+ 17%
EBITDA	12.99	11.94	+ 9%
EBIT	11.40	10.35	+ 10%
Profit after tax from continuing operations	8.60	7.85	+ 10%
	¢	¢	
Earnings per share	21.93	20.03	+ 10%
Dividends per share:			
- Interim Dividend	8.0	8.0	-
- Final Dividend	11.0	10.0	+ 10%
- Total Dividend	19.0	18.0	+ 6%
Franking (%)	100	100	-

In commenting on the result, Mr Wayne Sidwell, Executive Chairman of the Wellcom Group said, "We are pleased to report a result reflecting a 10% increase in earnings per share. The year ended 30 June 2014 has seen Wellcom continue its previously outlined strategy for geographic expansion with the acquisition of theLab NY. Wellcom now has the ability to service global customers in all leading consumer markets, with operations in Australia, New Zealand, Singapore, Malaysia, the United Kingdom and the United States of America.

The acquisition of theLab, together with recent new business wins including Kmart, Stockland, BASF, Laubman & Pank, and Merck, Sharp & Dome are expected to contribute to the growth of the business in the years ahead. This growth, together with positive cash flows and a debt-free balance sheet, have allowed the full year dividend for the year ended 30 June 2014 to be increased to 19 cents per share, reflecting a payout ratio of 87%."

OPERATING PERFORMANCE

Group revenue of \$90.09m (2013: \$78.46m) represented an increase of 15% over the previous financial year, with net revenue (excluding print management pass through costs) of \$62.74m (2013: \$53.61m) representing an increase of 17% over the same period. The increase in net revenue was driven by the contribution from theLab, following its acquisition in March 2014, together with organic growth from existing clients and new business wins engaged either in the current year or part way through the prior year.

Operating margins within the Group, excluding the impact of theLab acquisition, were maintained at 23% on a net revenue basis.

EBITDA from continuing operations increased by 9% to \$12.99m (2013: \$11.94m), with EBIT from continuing operations increasing by 10% to \$11.40m (2013: \$10.35m). NPAT from continuing operations attributable to the owners of the Group increased 10% to \$8.60m (2013: \$7.85m), with the associated earnings per share from continuing operations increasing 10% to 21.93 cents (2013: 20.03 cents).

The effective tax rate for the Group was 26% (2013: 28%) with the lower than average tax rate in the current year driven by tax credits relating to increased investment in software research and development.

ACQUISITION OF THELAB

Effective 1 March 2014, Wellcom acquired the business and selected assets and liabilities of theLab LLC, for a total consideration of \$7.1m (USD \$6.5m). theLab supplies a range of digital, print and creative solutions to a top drawer client list, and provides direct exposure for the Group to the large multinational brands headquartered in the United States of America.

The acquisition was fully funded out of Group cash reserves and, whilst modestly EPS accretive in FY14, is expected to be strongly EPS accretive in FY15 and beyond.

CASH FLOW AND BALANCE SHEET

The Group generated \$6.86m in cash from operating activities for the year ended 30 June 2014 (2013: \$7.60m). Net assets increased \$1.71m to \$58.38m (2013: \$56.67m). As at 30 June 2014 the Group has no net debt, with cash and cash equivalents in excess of interest bearing liabilities by \$6.14m (2013: \$15.45m). This, in combination with \$8.04m of unused bank facilities (2013: \$8.07m), provides significant capital to pursue complementary acquisitions as they arise.

DIVIDEND

The Directors have declared a fully franked final dividend of 11.0 cents per share. This results in full year dividends of 19.0 cents per share. This equates to a payout ratio of approximately 87% (2013: 90%). The record date for determining entitlements to the final dividend is 5 September 2014, and payment will occur on 19 September 2014.

OUTLOOK

Wellcom anticipates full year EPS growth in FY15 of around 10%. Contributory factors will be ongoing organic growth from existing customers, and full year contributions from recent contractual wins and the acquisition of theLab.

Wellcom will continue to pursue complementary acquisitions that would augment both the geographic and production capabilities of the business. The company remains confident that it has built a strong base from which to deliver increased shareholder returns over the longer term.

For further information contact:

Wayne Sidwell
Executive Chairman
Wellcom Group Limited
(03) 9946 8000

Andrew Lumsden
Chief Financial Officer
Wellcom Group Limited
(03) 9946 8000