



WELLCOM GROUP CONTINUES STRONG EARNINGS GROWTH AND INCREASES DIVIDEND PER SHARE

18 FEBRUARY 2015

Wellcom Group Limited (Wellcom) (ASX: WLL), one of the worlds leading advertising and marketing production agencies, providing content creation and content management in Australia, New Zealand, Singapore, Malaysia, the United Kingdom and the United States of America, today announced its results for the half-year ended 31 December 2014.

	1H15 \$m	1H14 \$m	Change
Statutory Revenue	54.79	44.13	+ 24%
Net revenue (excl. print management pass through costs)	41.43	29.22	+ 42%
EBITDA	7.78	6.28	+ 24%
EBIT	6.79	5.57	+ 22%
EBT	6.74	5.76	+ 17%
Profit after tax from continuing operations	4.63	4.17	+ 11%
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Earnings per share – from continuing operations	11.82	10.64	+ 11%
Dividend per share	8.5	8.0	+ 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 an 11% increase in earnings per share. The first half of the financial year has witnessed the successful integration of theLab, the Group's recently acquired New York headquartered business, which is currently performing ahead of initial expectations. This, together with significant new business wins in each of our key markets, strong operating cash flows and a debt-free balance sheet, has allowed a fully franked interim dividend to be increased to 8.5 cents a share, reflecting a payout ratio of 72%."

OPERATING PERFORMANCE

Wellcom recorded statutory revenue of \$54.79m for the half-year to 31 December 2014 (1H14: \$44.13m), representing an increase of 24% over the previous corresponding period. Net revenue (excluding print management pass through costs) of \$41.43m for the half-year (1H14: \$29.22m) represented an increase of 42% over the previous corresponding period. The increase in net revenue was driven by the contribution from theLab LLC, acquired by the Group in March 2014, together with organic growth in the Australasian and UK markets. New business wins included Stockland Property Group (Australia), Kmart (Australia), Target (Australia), BASF (UK), Canon (UK), and Tempur Sealy (US).

Earnings before interest, tax, depreciation and amortisation for the Group increased 24%, to \$7.78m (1H14: \$6.28m).

Australasian operating margins were consistent with the prior corresponding period, with margins in the recently acquired US business, theLab, ahead of initial expectations. Operating margins in the UK were adversely impacted following the absorption of costs associated with new business wins, and are expected to improve in the second half of the year.

Earnings before interest and tax for the Group increased by 22%, to \$6.79m (1H14: \$5.57m) with net profit after tax from continuing operations increasing by 11%, to \$4.63m (1H14: \$4.17m). The effective Group tax rate for the half-year was 31% (1H14: 28%), increasing on a Group basis due to proportionally higher tax rates in the United States.

CASH FLOW AND BALANCE SHEET

The Group generated \$5.79m in cash from operating activities for the half-year ended 31 December 2014 (1H14: \$4.58m). As at 31 December 2014 Wellcom has no net debt with cash and cash equivalents in excess of interest bearing liabilities by \$6.04m (1H14: \$15.14m). This, in combination with \$8.08m of unused facilities, provides significant capital to pursue growth opportunities as they arise.

DIVIDEND

The Directors have declared a fully franked interim dividend of 8.5 cents per share. The record date for determining entitlements to the interim dividend is 6 March 2015, and payment will occur on 20 March 2015.

OUTLOOK

Wellcom continues to pursue complimentary acquisitions that would augment both the geographic and production capabilities of the business, and deliver increased shareholder returns over the longer term. Previous guidance of approximately 10% EPS growth for the full year is maintained.

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