

2015 ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS



Good Morning and Welcome.

On behalf of my fellow directors, Mr Kerry Smith and Mr Charles Anzarut, welcome to the 2015 Wellcom Group – Annual General Meeting.

I am Wayne Sidwell, Executive Chairman of the Wellcom Group Limited. Being 10:30am, and as we have a quorum, it is with great pleasure that I now declare this AGM open.

As well as the Board Members, I am joined by our CEO, Mr Steve Rees, and our Company Secretary and Chief Financial Officer, Mr Andrew Lumsden.

Also with us, is our company auditor, Mr Jude Lau, Partner, HLB Mann Judd, and a warm welcome to you Jude.

Finally a warm welcome to everyone here today.

Today's formalities will include an address by our Non-executive Director, Mr Kerry Smith, who is up for re-election today.

2015 is a milestone year. We celebrate 15 years since we opened the doors to the Wellcom business. I reflect on this because our people have always been one of the most important reasons why this business is where it is today.

Back in 2000 we started with 14 hand-selected, highly skilled people. Today we have around 500 staff with 750 clients, and out of that original 14 staff, 7 are still with us today – and now all hold senior roles within the business.

This year has also been a milestone year because it's our tenth anniversary as a publicly listed company.

When we floated it had become obvious that substantial capital investment was required to support global growth and technology development.

We chose a professional Board, with industry experience.

With your Board we have expanded our horizons, and carefully and methodically built a global business.

Today, brand Wellcom is truly international!

With production plants in New York, L.A., Ohio, London, Singapore, Kuala Lumpur and Auckland, and of course, throughout Australia.

The final milestone for 2015 has been a solid performance for the Wellcom Group.

I'm delighted to announce a very good result across the network. I thank our loyal clients and congratulate our staff on delivering it.

Never standing still, focussing on Change and Challenge, and re-engineering has been our key focus – it will remain so. The result from these strategies has seen significant new business and strong organic growth through strategically planned upsell services through our 50 hubs globally.

And this is reflected in the results.

Here are the highlights for 2015:

Statutory revenues from continuing operations, increased to \$115.35 million, up 28% on prior year.

Our net revenues (excluding print management costs) increased to \$85.90 million, up 37% on prior year.

Earnings before interest, tax, depreciation and amortization increased to \$16.07 million up 24% on prior year.

Earnings before interest and tax increased to \$13.9 million, up 22% on prior year.

Net profit after tax from continuing operations, increased to \$9.76 million, up 14% on prior year.

We maintained a very low debt position, with cash equivalents in excess of interest bearing liabilities by \$8.8 million. Cash flows from operating activities of \$13.8 million were generated during the year, up 88%.

Our Share price rose 32% from July 1 2014 to June 30 2015.

And once again we offered our shareholders a fully franked, full year dividend, which increased to 20.5 cents, up 8% on the previous year.

This time last year I promised significant steps to deliver a growth position for 2015, and we have delivered on it.

Our business model is made of the three important elements that underpin the Wellcom **DNA**.

They are **People, Product and Technology**.

Having the right People is essential for the reasons I mentioned previously – this was true in 2000, and remains so today.

We work in a dynamic, changing industry.

And there are no training institutions, anywhere around the world, that trains people for many of the key roles in such a diverse industry as ours. In fact, much of the training is done on the job.

As a result, we spend a lot of time training and developing our staff, to take them onto more senior management responsibilities.

Our Product range has increased and we have undergone **a total Creative Content shift.**

With acquisitions of theLab, ThinkBone and Dippin' Sauce, our creative credentials are becoming the key centralist services offering – a new hallmark – and this is further reflected in our new business gains, which have been unprecedented this year.

Creative content development embraces traditional design for print, online design, APPs design, packaging design, digital production, animation, TV/video creation, high-end creative retouching, copywriting and programming.

All of our clients in every medium require direct input from one or more of these specialised skillsets across the globe.

Our Technology grows and I cannot emphasise enough, that we are a technology based organisation.

The leading content creators also have to be the best technology creators and **our Knowledgewell technology platform, remains our great competitive advantage.**

From day one the foundations of the business rested on technological superiority – whether this was file management,

VPN microwave file delivery, data asset management, or pre media print profiling – we had it first.

Our philosophy is always to be **first with the best**.

Since we started Wellcom in the digital age, we have remained leaders in technology development.

Our proprietary software Knowledgewell is bespoke – designed by us and built in-house specifically for our market. It's enterprise level, and is deployed in some of the world's biggest banks and retail businesses including Woolworths, Commonwealth Bank, Simon Malls in the U.S., N.A.B., Stockland, Target and is now being deployed in Tesco in London.

But technology doesn't stand still, and we are always looking to develop new systems, to improve our software.

Each year there is a requirement for something new to be added to Knowledgewell or a new software programme, that is complementary to Knowledgewell.

The first complementary software tool was a total print management software solution, followed by a financial and marketing solution called Marketing Resource Management.

The MRM module manages costs of campaigns – raises financial reports and produces budget information with such depth and clarity, that it can be used to prepare budgets, manage budgets, and assess results.

We have re-launched new versions of Market Central, Buildwell and Online Approval which are now positioned as the conduit for planning, production, page building and project management.

With all of our software tools including the newly introduced MRM system, our Knowledgewell technology is one of the leading software systems in the world.

We have also embarked on automated flat bed photography as a first for the Melbourne operation. It is a combination of hardware and software that truly revolutionises product photography capture.

Photographers are not required, just a stylist. The stylists job is to position the product in the background, shoot it, add the meta data, then select the required mode of contour or square finish. Labour cost is substantially reduced.

It is well suited to Ecomm photography.

The 2015-2016 Global Overview

I am going to use this part of the presentation as both a review of the 2015 performance, and then demonstrate the opportunities we see for this financial year.

The first was the Board's decision to enter the US market in 2013.

The US acquisition has been a major success story in itself – and the importance of its high value products and services, is changing the entire Wellcom network offering internationally.

The three US offices have had an excellent year with strong business growth.

We expect an equally good result for 2016, especially with the success of their highly innovative de-coupling solution, and the addition of another New York business acquisition, of the leading

creative re-touching business Dippin' Sauce, that I will address later in the presentation.

As a result of the US creative digital business model, we are far more advanced in our creative and digital process and the ability to sell into this fast growing market.

We are producing much higher value and asset rich content than ever before – and this feeds into our more traditional work with increased cross-sell opportunities.

We are open 24/7 for business somewhere throughout our global Wellcom network. It can find itself a day ahead of the rest of the world in Auckland, or work around the clock in the highly successful Kuala Lumpur, “Centre of Excellence” or across the globe to Wellcom New York.

And the development of the “Centre of Excellence” has been excellent – consider these statistics: in Full Year 14, production

hours were 12,000 – in Full Year 15, they increased significantly to 21,000 hours.

The activity we offer through the “Centre of Excellence” is fully project-managed work, produced at very competitive rates, and produced to Wellcom’s highest quality assurance standards.

What’s more exciting is that it’s still in its infancy, and it’s yet to be fully unleashed on our UK and USA clients. As a result there is untapped potential for 2016.

Asia remains a key focus.

Our Singapore operation with Courts Mega Retail business, and the Singapore Hub with strategic partner and advertising agency, BBH, remains strong.

We also expect to open an office in Hong Kong in this financial year, with the express purpose of servicing retail and import businesses in Australia, New Zealand, the UK and US.

Such a service will offer close proximity photographic services to the Chinese manufacturing base.

It means sample goods (or advance production), can be photographed prior to shipment to Australia providing a competitively priced service offering, with the add-on of substantial time savings.

We will also offer a technology-based solution to handle both the physical photographic work, as well our backend technology and digital distribution to clients.

The Australasian retail market has seen mixed results. There are varying factors, but the combination of Australian political volatility and international concerns over the Chinese economy, have not assisted.

On the positive side, the market is relatively upbeat about the change of political leadership and consumer confidence has improved, and there appears to be more willingness to spend leading up to Christmas.

Retailers maintained their faith in printed and on-line catalogues, and all indications are that this will continue through investment in catalogues this Christmas.

Catalogues remain a very powerful selling medium for retailers.

The acquisition of TV/video production company Thinkbone into the Sydney operation, has brought a new level of creative content professionalism and expertise to the Wellcom Group.

This is paying dividends with clients such as Dick Smith, Foodworks, Stockland, Repco and BP.

Wellcom has also enjoyed significant new business growth as a result of Wellcom **Australasia's** creative and Knowledgewell technology sales strategies.

A good deal of work and emphasis has been placed on cost control and cost management across the Australian and New Zealand Wellcom businesses.

With costs under control, and the high levels of new business brought into the Group, we expect the 2016 year for Wellcom Australasia to be another solid result.

We remain confident that the total offer in software, creative content, and the introduction of styleshoots photography, will take retail image capture and storage to a new level.

It is important to note, that we are also now producing **video** content for Kmart, Target and Foxtel.

The New Zealand operation has been very steady, and has consolidated its blue chip client base and hubs deployments.

Digital print and variable data remain the future of the print industry. Through our business, Digital House we have been leaders in this industry and will remain so.

2015 saw a steady result with strong organic growth.

It's reputation as a solutions-driven, high quality digital printer is well established in the marketplace.

The Digital House offers, smart variable data brochures, that are individually personalised with the customer's details.

Wellcom Print Management Services is a growth division of the Wellcom Group and it's a successful business.

With highly skilled and very enthusiastic staff, they are supported by the very best print management technology. This means they can manage the high volume print market quickly and accurately for any sized client from large banks and retailers down to project based smaller businesses.

They are also very strong contributors to upsell across the entire Group and have had an extremely good year and will remain keen performers into 2016.

Recent wins include Coles Supermarkets and Target Stores, alongside existing clients, Australia Post, N.A.B., Ford, Stockland and Commonwealth Bank.

The UK business has experienced a year of consolidation, and this has been a very good outcome due to what will be, some very exciting opportunities for 2016.

To begin the exhaustive consolidation process, the business underwent a total re-engineering program that was completed towards the end of the fiscal year.

As the London market is extremely sensitive to pricing, particular attention was paid to cost, and this culminated in a total analysis and review of all operations.

Included in the business review was considerable investment in a new sales force and a re-aligned sales direction under the careful control and management of the new managing director.

Outsourcing was reviewed, and much of this was brought in-house including investment in a new digital department to meet

the increasing workload and future opportunities for 2016.

During the year, some significant blue-chip new business was brought into the London operation, including Canon, B.A.S.F., Patek Philippe and U.K.Trade Investment. While this was substantial, the revenue gains came late in the 2014-15 financial cycle.

A by-product of new business was the global brand strategy that will be adapted throughout all of the Wellcom operations, entitled 'Global Brand Fulfilment' that will be reported a little later.

Wellcom London has also secured a significant new account with our partner BBH. The Tesco supermarket business.

I remain excited about London's future.

Our Hubs (internal graphic studios) now span our global network and I'm constantly asked why Hubs are so important to the business.

My answer is simple and it's to do with their relativity to the overall business.

So: In terms of revenue, they represent around 70%.

In terms of sheer presence, we now have Hubs in the UK, New Zealand, Singapore, Kuala Lumpur, Australia and U.S.A. Around 50 hubs worldwide.

In terms of sales development, they are the unseen sales force in terms of Wellcom product and services upsell – everything from digital print, to print management, to online, and digital design services, to TV/video production, can be contributable to the Hubs network.

In terms of client loyalty, they are client managed and the list of services provided can be up-scaled at any time and based on individual client preference. Bigger hubs provide more diverse offerings covering online creative and digital, as well as the more traditional services.

In terms of client retention, they are the essential marketing resource just down the passageway in our client's facility.

And they will remain an important global growth initiative for 2016 and beyond.

Acquisitions

I have already mentioned Hong Kong opportunities for a pending acquisition, or base establishment, and this remains a priority.

In the US, we have acquired Dippin' Sauce a complementary business to theLab.

Dippin' Sauce are specialist digital effects artisans who work in still imagery and moving images.

They are at the pinnacle of the world stage with a list of clients simply too long to go through, but here are just a few as you view the calibre of their work behind me.

Clients include well known brands:

- Hugo Boss
- French Vogue
- Barney's New York
- Levi's
- Rolex
- Stella McCartney
- Vogue
- Yves Saint Laurent

We expect to see Dippin' Sauce reflect the success of theLab.

We are well poised to seek out complementary acquisitions and they remain a priority for 2016.

We have partnered with many global organisations throughout our 15 year history.

One partnership that has to be brought to the fore is our partnership with BBH.

Bartle Bogle Hegarty is a leading international advertising agency and we have shared a partnership with them for many years.

It began as a Hub/studio in London, then extended into Singapore, and then into New York.

During Wellcom London's consolidation year, considerable time, investment and resourcing were put into our partnership with BBH with particular emphasis on an alignment with the Tesco business.

As you may know, Tesco is the size of Woolies and Coles combined.

This has resulted in a new retail production Hub at BBH.

This is big news for Wellcom London, big news for the Group in general.

New business gains for 2015 have been excellent across all Wellcom Group jurisdictions.

While most clients are new, some have been with us previously, and their additional business is based on upsell into new Wellcom product areas. For example, Dick Smith with a new creative TV and video relationship through ThinkBone.

Other global new business wins include:

- BASF – Target – Bulla – Stockland – Kmart – Canon – Supercheap Group – Tesco – Chico's – UK Trade & Investment – Patek Philippe – Endota – Simon Malls – Michael Kors – Laubman & Pank – Tempur Sealy – CSR – LOCAL STARS – Freedom – Merck Sharp – Mohawk and Mothercare.

We welcome all of these clients and congratulate the individual Wellcom businesses on their new business successes.

I want to briefly focus now on **De-Coupling**.

It's a relatively recent development – and it's here to stay.

We saw it in the American market last year and some of our Australian and UK clients have already embraced it.

Put simply 'de-coupling' is the ability for a client to divest their marketing management from one organisation to a best-fit group of specialist suppliers.

They do this to guarantee inter-supplier competitiveness – this includes cost, service delivery, and expertise in a particular field.

The consumer is the marketing manager. Many savvy marketing managers have worked out that there are suppliers out there that could provide one or more of their marketing services much cheaper, and offer a better service, with consistency of brand integrity.

Those companies who understood this premise, de-couple their design, or online, or TV/video creative, or technology. They found they got better service for less money through direct engagement of specialist suppliers.



Not only are we ready for this – we are doing it. This chart shows the areas where single institutions once provided all of the services including the grey and the orange.

Wellcom can provide all of the orange, and we are truly

specialists in each defined field.

We initially concentrate on providing the core service offerings in order for our clients to better understand the enormous benefits of decoupling production services.

This has already proven to be a game-changer in the US and here in Australia – the Stockland Group and now Telstra are prime examples. Once we gain client confidence in a particular medium, we can then cross-sell to other services.

This is now recognised as world's best practice in procurement.

Wellcom has delivered some very positive new business outcomes around 'de-coupling' for 2015 including significant organic growth.

The concept represents very strong opportunities for 2016.

Also part of Wellcom London's development, during the year, was the introduction of a new service offering called Global Brands management.

The UK business was instrumental in winning four pieces of strategically significant business on the back of this concept.

They included D.K.N.Y., BASF, Canon and UK Trade & Investment who use a Wellcom online extranet brand and marketing management tool to distribute their assets globally.

The significance is that we now have global expertise to manage any brand, from any point on the globe, and provide this specialised service.

This is good news and is a key feature of Wellcom's ability to manage any corporation's brand management, brand consistency and communications delivery across the globe.

Before we start the formal part of the AGM, it is my pleasure to introduce Mr Kerry Smith. Kerry is a fellow director and Chairman of the Company's Audit Committee. Kerry is also re-nominating his services as a Board member today.

Thank you Kerry.

We now commence the formal part of the meeting:

ITEM ONE

I now ask you to receive and consider the reports of the Directors and the Auditor, and the financial statements for the year ended 30 June 2015 for the Company, and its controlled entities.

Are there any shareholder questions and/or comments on any aspect of the financial statements and reports?

We will now move onto the second item of business.

ITEM TWO

The next item on the agenda is the Remuneration Report.

Please note this is a non binding vote.

I would ask you to consider and if you think fit, pass the following as an ordinary resolution:

Resolution 1: “That the Remuneration Report for the financial year ended 30 June 2015 be adopted”.

I, as Chairman of the meeting advise I am holding 53 valid shareholder proxies in relation to this resolution, which represents 9,919,552 ordinary shares, being:

32 proxies for, 10 proxies against and 11 open proxies. The proxy's voting in favour of the resolution represent 98.86% of the shares voted.

I will be voting for the resolution in relation to all open proxies.

Do I have anyone to propose this resolution?

THANK YOU

All those entitled to vote and are in favour of this motion, please raise your voting cards.

The Resolution is passed as an Ordinary Resolution.

ITEM THREE

The next item on the agenda is the re-election of company directors.

I ask you to consider, and if you think fit, pass the following as an ordinary resolution:

Resolution 2: “That Mr Kerry Smith who, in accordance with clause 12.11 of the Constitution of the Company, retires from office, and being eligible, offers himself for re-election as a Director of the Company”.

I, as Chairman of the meeting advise I am holding 56 valid shareholder proxies in relation to this resolution, which represents 9,931,778 ordinary shares, being:

43 proxies for, 1 proxy against and 12 open proxies. The proxy's voting in favour of the resolution represent 99.12% of the shares voted.

I will be voting for the resolution in relation to all open proxies.

Do I have anyone to propose this resolution?

THANK YOU

All those entitled to vote and are in favour of this motion, please raise your voting cards.

Resolution passed as an Ordinary Resolution.

That finalises the Resolutions to be passed at this meeting.

I now throw to the floor for your say.

Do we have any questions please?

We have now reached the end of the formalities for the 2015

Wellcom Group AGM.

This has been a very satisfactory 2015 result

and the outlook for 2015 -16 is looking very positive.

Significant planning has been invested in the 2015 year, and this sets the tone for a rewarding 2016. To maintain this, we will stay resolute and continue our focus on due diligence and fiscal awareness.

Whilst we have had a successful 2015, I tell our staff that we must keep our feet on the ground, keep working hard for our clients, and importantly, remain humble.

Our 2016 strategies are well prepared and, in some cases, well advanced and these include:

- Strong focus on creativity and design content creation
- A solid acquisitions policy
- A strong emphasis on Asia
- Defined de-coupling strategy
- Defined Global Brand Management Strategy
- Creative new media focus with greater emphasis on creative social marketing
- Strong investment in people
- Focus on cost containment globally
- And finally, a focussed cohesive marketing strategy.

All of the Wellcom 2016 strategies are aimed at creating significant organic growth and new business.

With proceedings coming to a close, I would like to take this opportunity on behalf of my fellow directors, Mr Charles Anzarut, Mr Kerry Smith, our CEO, Mr Steve Rees, and our CFO Andrew Lumsden, to again thank our staff and their families across all of the Wellcom worldwide networks.

Their fine work, loyalty and dedication have contributed to a fine 2015 result. We are fortunate indeed, to have such talented and dedicated individuals in our company.

Sincere thanks must also go to our clients, whose loyalty and faith in our ability to constantly deliver has kept us where we are today.

Finally, I would like to thank you, our shareholders and say it is with pleasure that we have again passed on another strong fully franked dividend.

On behalf of your Board of directors, I would like to thank you for your time today.

There is a Wellcom gift package from our clients at the back of the room for you to take with you as you leave.

I hereby formally close the 2015 Wellcom Group Annual General Meeting.

Thankyou.