



**RESULTS FOR THE HALF YEAR  
ENDING 31 DECEMBER 2015**

**Wayne Sidwell**

Executive Chairman

**Stephen Rees**

Chief Executive Officer - Australia/NZ

**Andrew Lumsden**

Chief Financial Officer

- ▶ One of the world's leading providers of content creation, production and content management services.
- ▶ Global capacity with operations in Australia, New Zealand, Asia, UK and US.
- ▶ Client site (Hub) service delivery model.
- ▶ Leading edge technology offering (Knowledgewell).
- ▶ Reliable history of earnings growth and fully-franked dividend payments.

750  
+ VALUED  
CLIENTS

525  
+ TALENTED  
PEOPLE

11  
+ LOCATIONS  
WORLDWIDE

60  
+ GLOBAL  
BUSINESS HUBS

# BLUE CHIP CLIENT BASE



# 3 STREAMS OF BUSINESS



CONTENT



PRODUCTION



TECHNOLOGY



CONTENT

We create rich and engaging content that helps leading brands make strong and meaningful connections with their customers.



Photography



Retouching/CGI



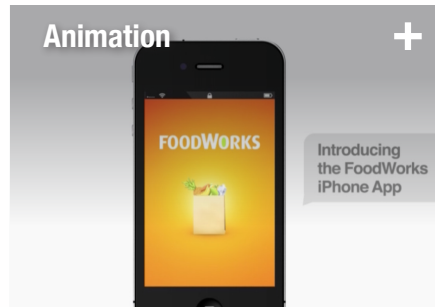
Video



3D



Design



Animation



Website Design



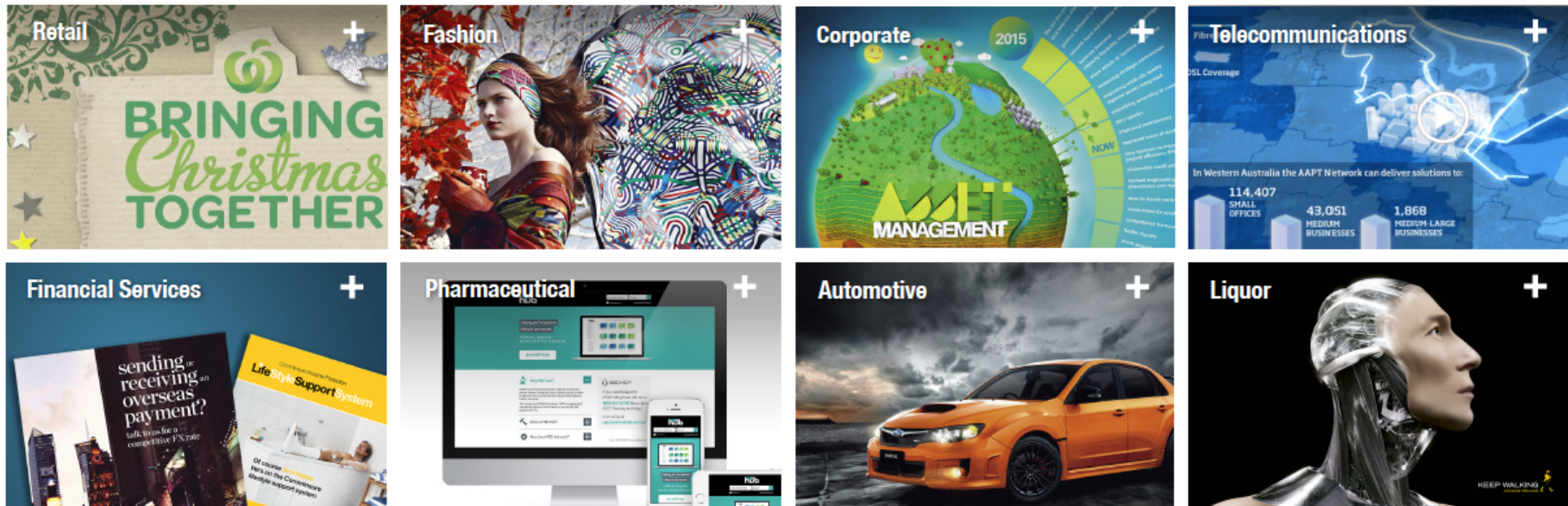
App Development



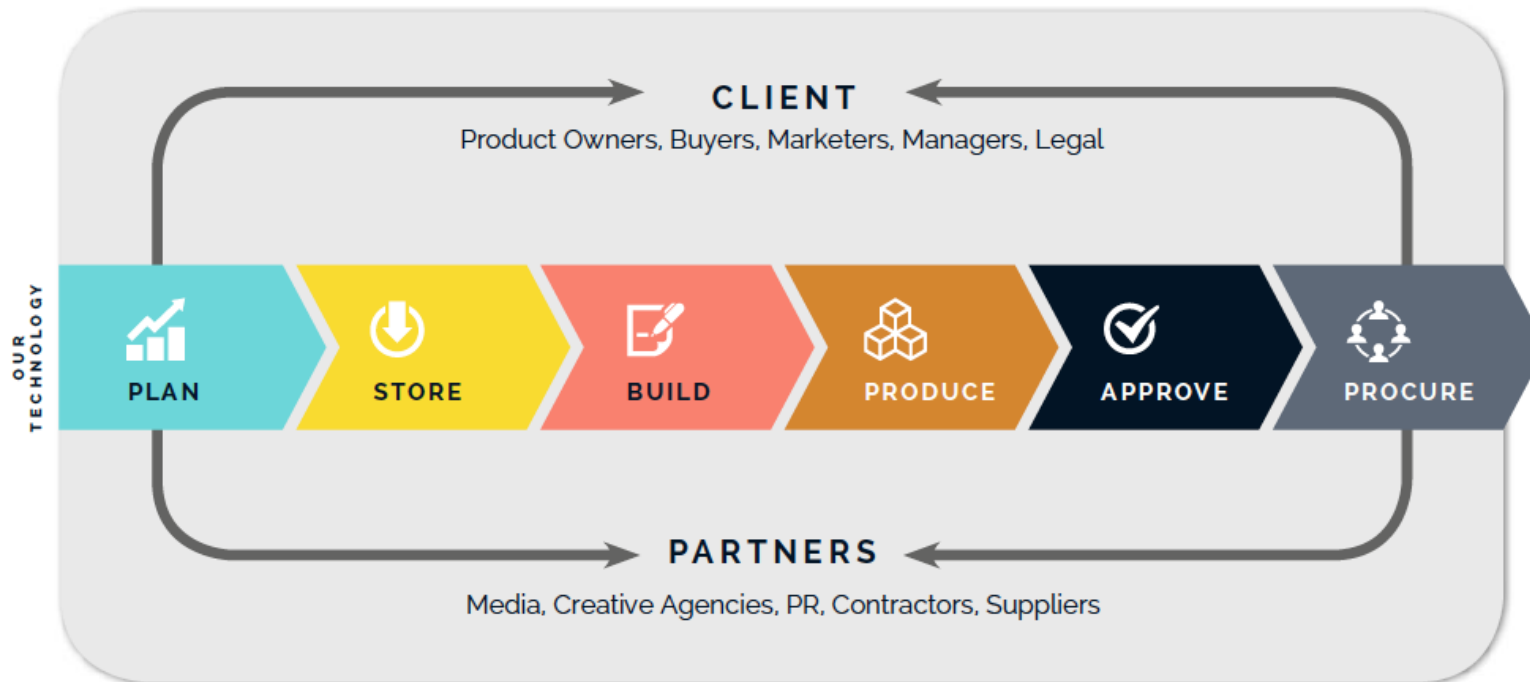


PRODUCTION

We combine the content we create with tactical messaging and produce advertising and marketing collateral for leading industries.



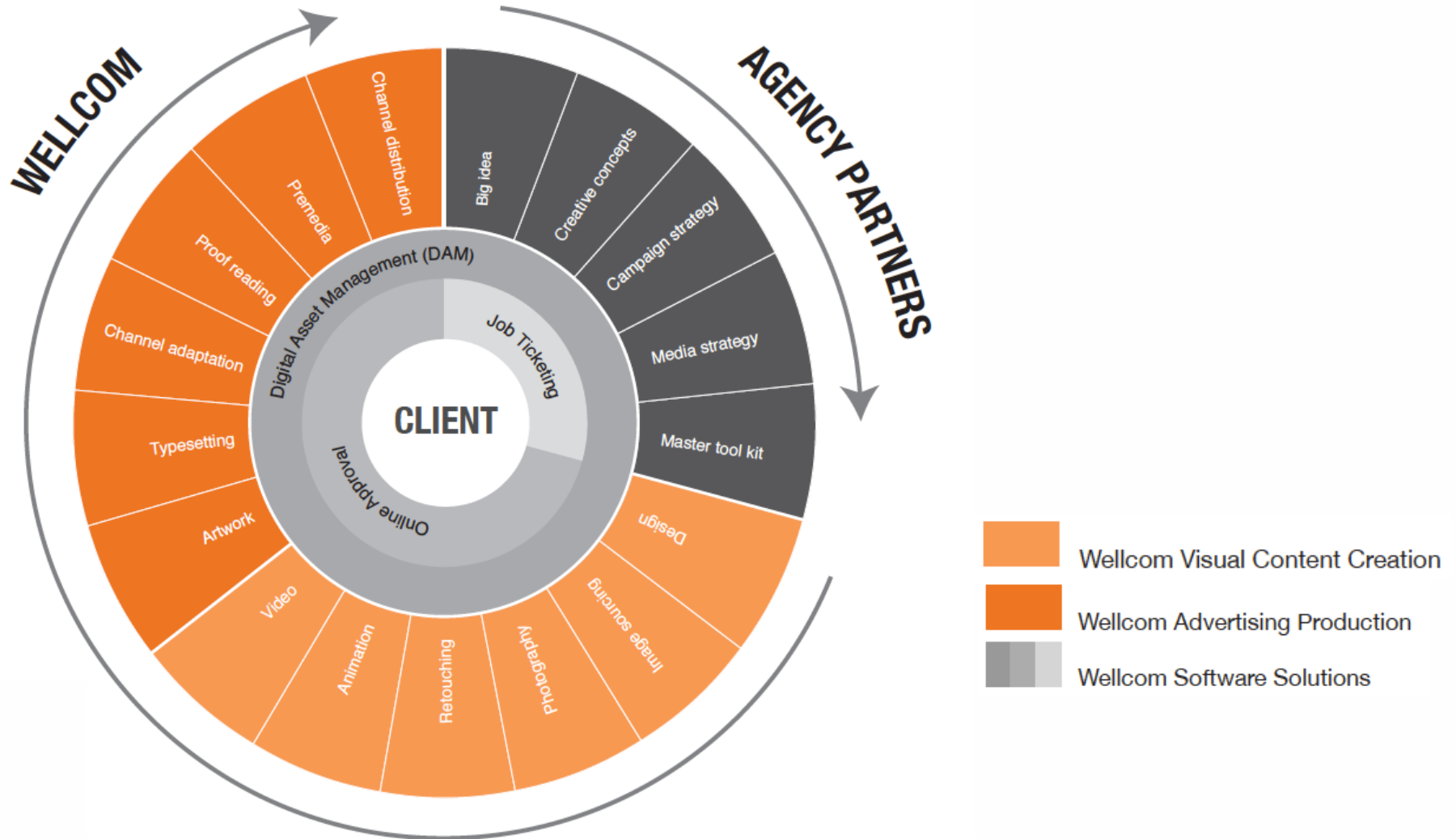
We develop and deploy technology that automates manual tasks, simplifies processes and reduces cost. Our technology is used to produce promotional collateral with speed, accuracy and consistency.





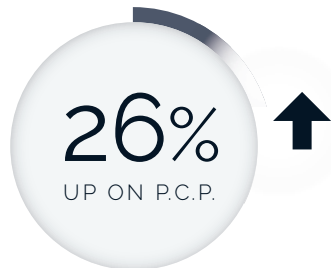
# MARKET POSITIONING

We are an integral part of the advertising and marketing ecosystem.



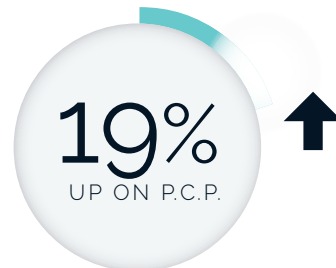


## NET REVENUES



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

## EARNINGS BEFORE INTEREST AND TAX



## NET PROFIT AFTER TAX



## STRONG CASH AND FINANCIAL POSITION

Cash flows from operating activities of \$5.2M

Cash on hand approximately \$6.2M

Net tangible assets per share of 37.29 cents

FULLY FRANKED  
HALF YEAR  
DIVIDEND  
INCREASED  
TO **9.0 CENTS**  
PER SHARE

- ▶ Economic activity remains subdued with consumer spending moderate.
- ▶ Major retailers and corporations continue to de-couple their content production from the traditional advertising agency model.
- ▶ Demand for high quality visual content continues to grow, with the speed at which brands can create this content being critical to their success.
- ▶ Digital remains the fastest growing marketing channel.
- ▶ Catalogues (print and online) remain an integral part of the multichannel marketing approach.
- ▶ Global brands are seeking regional partners to adapt content for local markets.

## Australasia

- ▶ Telstra (Graphic Design)
- ▶ Coles (Print Management)
- ▶ BASF (Graphic Design)
- ▶ NBC Universal (TVC Production)
- ▶ Fairfax Media (TVC Production)

## United Kingdom

- ▶ Michael Kors (Graphic Design)
- ▶ Lucky Generals (Graphic Design)
- ▶ Whistles (Photography)
- ▶ Tesco (BBH) (Graphic Design)
- ▶ Audi (BBH) (Graphic Design)

## United States

- ▶ Michael Kors (Graphic Design)
- ▶ Luxottica (Graphic Design)
- ▶ Pernod Ricard (Web Development)

## KEY RESULTS

	1H16 (\$m)	1H15 (\$m)	Change (%)
Statutory revenue	80.33	54.79	+46.6
Net revenue *	52.11	41.43	+25.8
EBITDA	9.39	7.78	+20.7
EBIT	8.09	6.79	+19.1
Net profit for the period	5.39	4.63	+16.4
EPS (cents)	13.76	11.82	+16.4
DPS (cents)	9.0	8.5	+5.9
Franking (%)	100.0	100.0	-
Return on net assets (%)	16.28	15.03	+8.3

- ▶ Net revenues up by 26% to \$52.11M.
- ▶ EBIT up 19% to \$8.09M.
- ▶ Net profit up 16% to \$5.39M.
- ▶ Dividend per share increased to 9 cents per share, up 6%.
- ▶ Significant franking credits remain within the Group.

\* Net revenue excludes print management and other pass through costs

## SUMMARY FINANCIAL POSITION

	1H16 (\$m)	FY15 (\$m)
Cash and debtors	32.14	30.89
Inventories and work in progress	1.87	1.34
Intangibles (Goodwill)	48.54	44.49
Intangibles (Software Development)	1.42	1.25
Debt	2.93	2.86
Equity	64.63	63.37
NTA per share (cents)	37.29	42.51
Debtor days	45	42
Working capital ratio	1.34	1.56
	1H16 (\$m)	1H15 (\$m)
Capital expenditure	2.21	1.43
Net cash flows from operating activities	5.20	5.79

- ▶ Strong financial position with cash in excess of interest bearing liabilities.
- ▶ Capital expenditure includes new business wins (Telstra, Tesco), and an Apple Mac fleet refresh in Australia.
- ▶ Cash generated from operating activities of \$5.20M.

## GROUP RESULTS 1H16

	1H16 (\$'000)	1H15 (\$'000)	Change (%)
Statutory revenue	80,330	54,791	+46.6
Less: Pass through costs	(28,225)	(13,362)	+111.2
<b>Net revenue</b>	<b>52,105</b>	<b>41,429</b>	<b>+25.8</b>
Results from operating activities	9,498	7,867	+20.7
<b>Margin</b>	<b>18.2%</b>	<b>19.0%</b>	
Unallocated & restructure*	(1,406)	(1,078)	+30.4
Net interest (expense)/income	(72)	(45)	
Income tax expense	(2,626)	(2,112)	+24.3
<b>Net profit for the period</b>	<b>5,394</b>	<b>4,632</b>	<b>+16.5</b>

\* Includes \$230K of redundancy costs in 1H16 (1H15: \$80K)

	1H16 (\$'000)	1H15 (\$'000)	Change (%)
Net segment revenue	28,598	26,174	+9.3
Segment result	6,000	6,083	-1.4
Margin	21.0%	23.2%	
Staffing	339	320	+5.9

- ▶ Net segment revenues up 9%.
- ▶ Segment margins improved after accounting for the impacts of new business investment (\$182K), the recent Dick Smith Holdings Receivership (\$345K), and foreign exchange fluctuations (\$513K).
- ▶ Leveraging low cost production through Wellcom Malaysia Centre of Excellence.
- ▶ DSO of 45 days (Dec 15) from 40 days (Jun 15).



	1H16 (\$'000)	1H15 (\$'000)	Change (%)
Net segment revenue	9,773	6,315	+54.8
Segment result	1,368	209	+554.5
Margin	14.0%	3.3%	
Staffing	88	59	+49.2

- ▶ Net segment revenues up 55% to \$9.8M.
- ▶ Segment margin increased from 3.3% to 14.0% following prior year investment in new business wins, and an expansion in the partnership with advertising agency Bartle, Bogale & Hegarty (BBH).
- ▶ Continuing to leverage global relationships in new business wins (Michael Kors, UKTI).
- ▶ DSO of 52 days (Dec 15) from 64 days (Jun 15).

	1H16 (\$'000)	1H15 (\$'000)	Change (%)
Net segment revenue	13,734	8,940	+53.6
Segment result	2,130	1,575	+35.2
Margin	15.5%	17.6%	
Staffing	97	86	+12.8

- ▶ Net segment revenues up 54% to \$13.7M.
- ▶ Segment result up 35% to \$2.1M.
- ▶ 1H16 includes contribution from Dippin' Sauce LLC acquired 1 July 2015.
- ▶ Continuing to leverage global relationships in new business wins (Michael Kors, UKTI).
- ▶ DSO of 40 days (Dec 15) from 51 days (Jun 15).

- ▶ Establishing Wellcom Hong Kong to further group wide content distribution network and support global business opportunities.
- ▶ New business wins including Telstra (AU), BASF (AU), NBC Universal (AU), Whistles (UK), Tesco/Audi via BBH (UK), Michael Kors (US/UK), and Luxottica (US).
- ▶ Integration of Dippin' Sauce, LLC (New York) acquired 1 July 2015.
- ▶ Expansion of video production services in all key markets.
- ▶ Further leverage of low cost production through Wellcom's "Centre of Excellence" - K.L.
- ▶ Continual development and deployment of Knowledgewell technology.
- ▶ Continued focus on complementary acquisitions.

### **Wellcom Group Limited**

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### **Wayne Sidwell**

Executive Chairman

### **Stephen Rees**

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 17 February 2016, for the half year ended 31 December 2015 together with an update on Wellcom's activities, and is current at the date of preparation 17 February 2016. Further details are provided in the Company's full year accounts and results announcement released on 19 August 2015.

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