



Salmat
**Half Year Update
to 31 December 2014**

24 February 2015
Craig Dower, CEO

salmat.com.au



Agenda

1. FY15 update
2. Group financial performance
3. Business transformation
4. Outlook

First half FY15 update

- Achieving top line growth of around 10%.
- Our contact centre business is growing.
- Our acquisitions are performing well.
- Our core digital offering is building momentum.
- The data centre migration was completed successfully in October 2014.
- We have a strong leadership team in place, with deep transformational experience.

BUT our financial performance is not where it needs to be:

1. Cost reduction plans are underway.
2. Business operations are being simplified.
3. Reviewing non-strategic product and service lines.

FY15: five company priorities

Platform Industrialisation

Build world-class differentiated technology platforms that allow us to deliver unique value to our customers

Profitable Revenue Growth

Grow profitably through focused management of our chosen market segments, services and resources

Invest in our People

Develop our people so that they are able to grow, lead and succeed within an innovative, values-based work environment

Customer Offering

Be clear and specific in what we sell, and build a product life-cycle roadmap across all of our products and services

Operational Excellence

Drive continual improvement into everything that we do

FY15: progress against priorities

Priority	Progress made	Next steps: business transformation
Platform industrialisation	<ul style="list-style-type: none">• Completed Reach platform relocation as planned.• Completed review of internal (ERP) systems.• Migration of customers to Reach well underway.	<ul style="list-style-type: none">• Software upgrade of Reach platform.• Complete migration of all customers to Reach.• Implementing an integrated HR and financial system.

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Profitable revenue growth	<ul style="list-style-type: none"> • Strong growth in Agency and Local sales. • Acquisitions performing well. • Sales management platforms established. • Appointed new Chief Sales Officer. 	<ul style="list-style-type: none"> • Develop targeted account management plans. • Drive group-wide adoption of sales effectiveness tools. • Drive more focussed sales agenda under new CSO.

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Client offering	<ul style="list-style-type: none"> Commenced review of all products and services. Decision made to reduce focus on residential D2D sales. Integrated Digital offering building momentum. 	<ul style="list-style-type: none"> Complete product and services review. Rationalise overall portfolio (focus on market growth, market leadership and profitability). New Chief Marketing Officer to commence soon.

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A close-up photograph of a hand pointing at a tablet screen. The background is a blurred blue and white. A red circular overlay is positioned on the right side of the image, containing white text.

**Group
financial
performance**

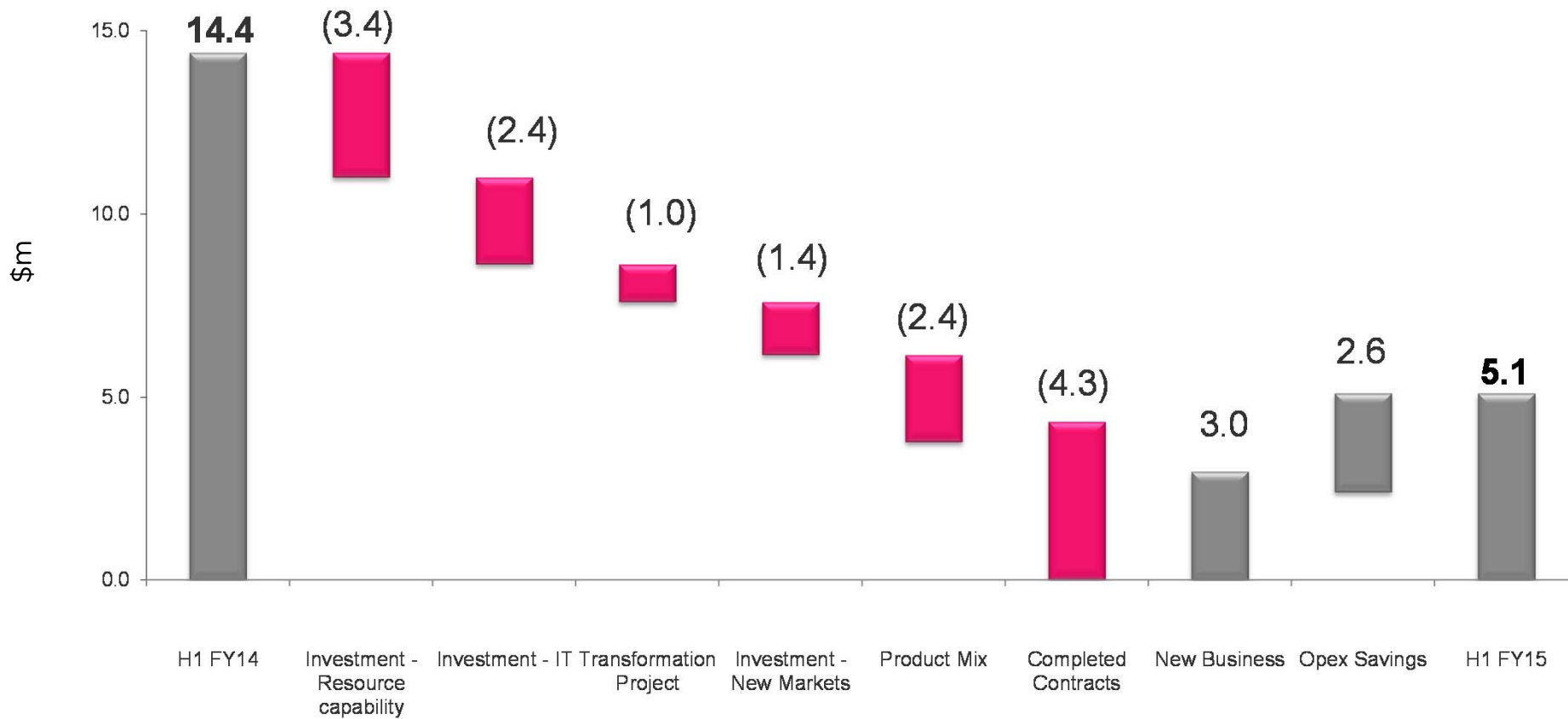
*Rebecca Lowde,
CFO*

Financial results - overview

\$ million	H1 FY15	H1 FY14	% change
Revenue	253.5	232.1	+ 9.2%
EBITDA	5.1	14.4	- 64.6%
Depreciation & Amortisation	(6.8)	(5.2)	+ 30.7%
Net interest	(0.8)	(0.1)	*
Tax (expense)/benefit	(2.5)	0.4	*
Significant items: Impairment Investment & acquisition costs	(64.6)	(2.5)	*
Net (loss)/profit after tax	(69.7)	7.0	*
Interim dividend (cents per share)	-	7.5	*

* no meaningful figure

Underlying EBITDA bridge



Balance sheet

- Major cash outflows included \$23m borrowings repayment; \$12m dividends; \$13.2m prior year working capital requirements.
- Goodwill reduced due to an impairment charge relating to delays in the Reach platform and reduced focus on door to door sales.

\$ million	31 Dec 14	30 Jun 14	Change A\$m
Cash and cash equivalents	66.3	116.9	- 50.6
Accounts receivable	61.6	59.1	+ 2.5
Fixed assets	21.1	21.9	- 0.8
Goodwill and intangibles	125.6	189.3	- 63.7
Other	25.6	25.2	+ 0.4
Total assets	300.2	412.4	- 47.7
Current liabilities	72.4	81.1	- 8.7
Current borrowings	44.7	66.9	- 22.2
Other non-current liabilities	48.7	47.5	+ 1.2
Total liabilities	165.8	195.5	- 29.7
Equity	134.4	216.9	- 82.5

Cash flow summary

- Net cash position includes repayment of debt as part of minimising overall borrowings.
- Final dividend relating to FY14 paid.
- Tax paid relates to overseas entities.

	\$ million
Net cash at 30 June 2014	49.9
Net operating cash inflow	3.5
Working capital timings	(8.4)
Project Reboot	(4.8)
Dividend paid	(12.0)
Capex	(4.4)
Deferred consideration	(0.5)
Net interest paid	(0.5)
Tax	(1.3)
Net cash at 31 Dec 2014	21.5

Segment information

\$ million	H1 FY15	H1 FY14	% change
Sales revenue:			
Consumer Marketing Solutions	141.4	138.0	+ 2.5%
Customer Engagement Solutions	110.7	91.3	+21.2%
EBITDA:			
Consumer Marketing Solutions	16.9	17.7	- 4.5%
Customer Engagement Solutions	0.6	3.4	- 82.4%

Production volumes	H1 FY15	H1 FY14	% change
Catalogues	2.54b	2.55b	- 0.5%
Email	157.7m	255.8m	- 38.4%
SMS	43.0m	37.5m	+ 14.7%
Contact centre seat utilisation (average)	60.3%	59.7%	+ 60bp



**Business
Transformation**

Craig Dower,
CEO

Connecting Salmat: our continued transformation

- Salmat is undergoing a business transformation that reinforces the place of our clients at the centre of everything we do.
- We are increasingly becoming a technology-enabled enterprise, with configurable, scalable technology platforms as our core capability.
- While we have made solid progress to date in our growth strategy and IT transformation, our business still retains much of the cost and complexity of a much larger organisation.
- We need to accelerate our transformation to:
 - **Focus** energy and investment in areas where we are - or can be - the clear market leader.
 - **Simplify** every aspect of our business so we are agile, responsive, efficient and effective.
 - **Grow** our business in a targeted, connected and profitable manner.

Accelerating Salmat's transformation

Focus

...energy and investment in areas where we are - or can be - the clear market leader.

Simplify

...every aspect of our business so we are agile, responsive, efficient and effective.

Grow

...our business in a targeted, connected and profitable manner.

Business transformation: outcomes/timeline

- Two year program, commenced January 2015.
- Restructuring costs to be incurred in H2 FY15; benefits to start flowing in FY16.
- Salmat will be a leaner, more focused and more profitable business.
- We will be the clear market leader (or clear aspirant) in every segment of focus.
- Simplification will lead to more consistent revenue and earnings growth.
- Over the rest of this financial year, we will complete all financial modelling and targets.

Outlook

- We continue to see revenue growth in the order of 10%.
- Expecting full year EBITDA in the range of \$11-14 million, excluding significant items.

Disclaimer

Company announcements and presentations can contain forward-looking statements. Words such as “believe”, “anticipate”, “plan”, “expect”, “intend”, “target”, “estimate”, “project”, “predict”, “forecast”, “guideline”, “should”, “aim” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include but are not limited to: competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with, and possible changes in, environmental and health and safety laws; dependence on cyclical markets; the supply and cost of materials; exposure to environmental or other legal proceedings; and risks of conducting business internationally. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.

**Thank you
+
Questions**



Appendix

Executive leadership team

Business Transformation Office



Craig Dower
Chief Executive Officer

With almost 30 years in the Information & Communication Technology (ICT) industry, Craig is a seasoned senior executive with extensive experience in leading organisational change. Craig has served as CEO, President and Managing Director with a number of prominent organisations over the past fifteen years. He has led several successful business turnarounds and taken those companies to new levels of growth and profitability.



Rebecca Lowde
Chief Financial Officer

Rebecca Lowde has substantial experience managing media, technology and financial enterprises, from small to medium sized companies through to large multinational organisations. She has an extensive background in managing finance, contracts, strategy, M+A, budgeting and sales, and has a proven track record managing large, multicultural teams from around the world including the EMEA and Asia Pacific.



Peter Anson
Chief Operating Officer

Peter Anson has over twenty years' experience in leading large and complex teams across the Asia Pacific region. He has been with Salmat since 1991 and has held a number of senior executive roles across the company during this time. Peter has also held numerous board positions.



Mark Mulder
Chief Sales Officer

Mark Mulder has held a number of senior executive roles across Salmat, most recently as General Manager of the Salmat Local division; building out an integrated local marketing platform serving both multi-site enterprises and small businesses. Prior to joining Salmat, Mark held senior management roles at Accenture, Xtempus Mobile Software, Virgin Media and SingTel Optus.



Julie Stuart
Chief People Officer

Julie Stuart has almost 20 years international experience in high-growth, technology-based business environments across many countries, including Australia, China, Japan, Malaysia, Thailand, Singapore and the UK. Julie has held senior HR roles within Avanade, most recently in the role of Asia Pacific HR Lead.



Nick Warne
Chief Information Officer

Nick has been delivering secure, large-scale, high performance systems for over 15 years. He has extensive experience in developing business partnerships with new and established suppliers and clients. Prior to joining Salmat Nick held senior executive roles at Insurance Australia Group, EDS/Hewlett Packard, Telstra and Qantas.



Kathleen Forbes
General Counsel

Kathleen manages the organisation's broad range of legal affairs, covering commercial contracts, compliance, acquisitions, litigation, dispute resolution, employment issues, as well as providing advice to the executive leadership team, heads of departments and thousands of Salmat employees across Australia, New Zealand and the Philippines.



Sarah Pike
Chief Marketing Officer

Sarah is a highly accomplished senior marketing executive with 18 years' experience in the telecoms, mobile, TV, technology & digital sectors. She has large company discipline coupled with start-up entrepreneurial experience, with a track record of delivering transformational change and sustainable results.

Business transformation office



Chris Walsh
Head of Transformation

A highly experienced senior operations and technology executive, Chris Walsh joined Salmat in December 2014 as Head of Transformation. Chris has managed a number of large scale programs for some of Australia's leading listed companies including Telstra, Qantas, Westpac and David Jones which have delivered significant cost savings and operational efficiencies. Prior to joining Salmat, Chris was the Director of Information Services Group where he was responsible for sourcing, strategy and planning.



David Besson
Head of Sales Transformation

David Besson has an extensive background in advertising and marketing, business process outsourcing, database marketing, ecommerce and contact centres but his key interests lie in customer engagement and rapid response. David has been with Salmat since 1995 with a major focus on the Government, Banking, Finance, Retail and Pay TV sectors. In February 2014, he was responsible for leading the Salmat acquisition of MicroSourcing; a Philippines-based business services company with over 2500 employees serving the US and Australian markets.



Trish Kensell
Head of Organisational Change

Head of Organisational Change, Trish Kensell joined Salmat in September 2013. Prior to Salmat, Trish spent four years implementing large-scale change programs for financial services organisations Westpac and the Commonwealth Bank of Australia. Trish's overseas experience includes four years as the UK Head of Organisational Change Management for Ericsson Managed Services North Western Europe and three years as Executive Director of Skill & Will China in Shanghai. A qualified organisational psychologist, Trish has also worked in senior HR roles in the IT industry.