



Salmat
**Full Year Update
to 30 June 2015**

25 August 2015

Craig Dower, CEO

Agenda

1. Full year headlines
2. Group financial performance
3. Business transformation
4. Current position

Summary

FY15 has been a pivotal year for Salmat:

- Strong, experienced leadership team now in place.
- Restructured operations to drive greater simplicity and accountability.
- Successfully delivered major operational projects: Reach migration, BPO separation, Workday go live.
- Tighter, more connected, more profitable product and services portfolio.
- IT strategy – cloud first – to drive greater back office efficiency (starting with Workday, Salesforce.com, Google for Work).
- Acquisitions performing well.
- Sales momentum building.
- Continuing to invest in innovation.
- Positioned for earnings growth in FY16.

FY15 headlines

- Top line revenue growth of 10%.
- On target with \$13.3 million underlying EBITDA.
- Key growth strategy milestones completed.
- New leadership team established.
- Business transformation well underway.

- We have put the brakes on non-performance:
 - Taking out costs and resource drains.
 - Rationalised product and services portfolio.
 - Improving sales effectiveness.
 - Integrated HR and Finance platform implemented.
 - Completed major projects successfully.

Clear objective: Focus, Simplify, Grow.

Capital management

- Investing back into the business.
- At this stage we are preserving cash to complete final stages of the MicroSourcing and Fuse acquisitions during FY16 and fund growth profile of the next few years.
- Accordingly the Board elected not to declare a final dividend for FY15.
- The Board will review Salmat's capital management strategy in 12 months' time.

Performance against FY15 company priorities

Platform
Industrialisation

Build world-class
differentiated
technology platforms

Profitable
Revenue
Growth

Focused
management of
market segments,
services & resources

Invest in
our
People

Within an innovative,
values-based work
environment

Customer
Offering

Build a product life-
cycle roadmap
across products and
services

Operational
Excellence

Drive continuous
improvement into
everything we do

Performance against FY15 company priorities

Platform Industrialisation

Reach platform migrated

BPO separation completed

Workday launched

Profitable Revenue Growth

New sales structure & incentives in place

Salesforce.com rolled out across the group

More integrated & focussed sales

Invest in our People

Organisational re-design completed

New structure implemented

Customer Offering

New CMO and marketing team

Product and services review completed

Portfolio rationalisation underway

Operational Excellence

Integrated IT & service delivery

Organisational change team

Improved process consistency

Cost reduction

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

**Group
financial
performance**

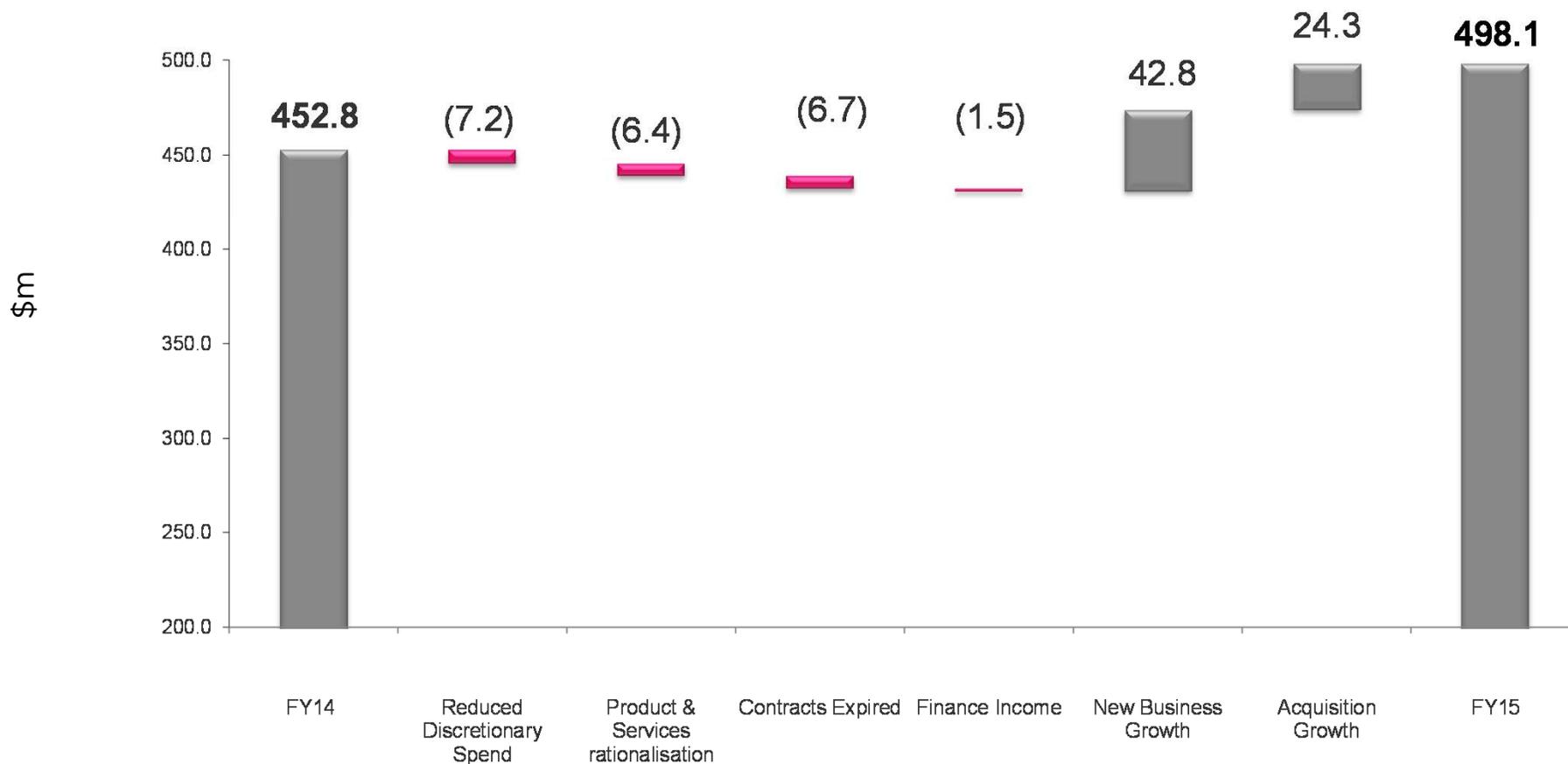
*Rebecca Lowde,
CFO*

Financial results - overview

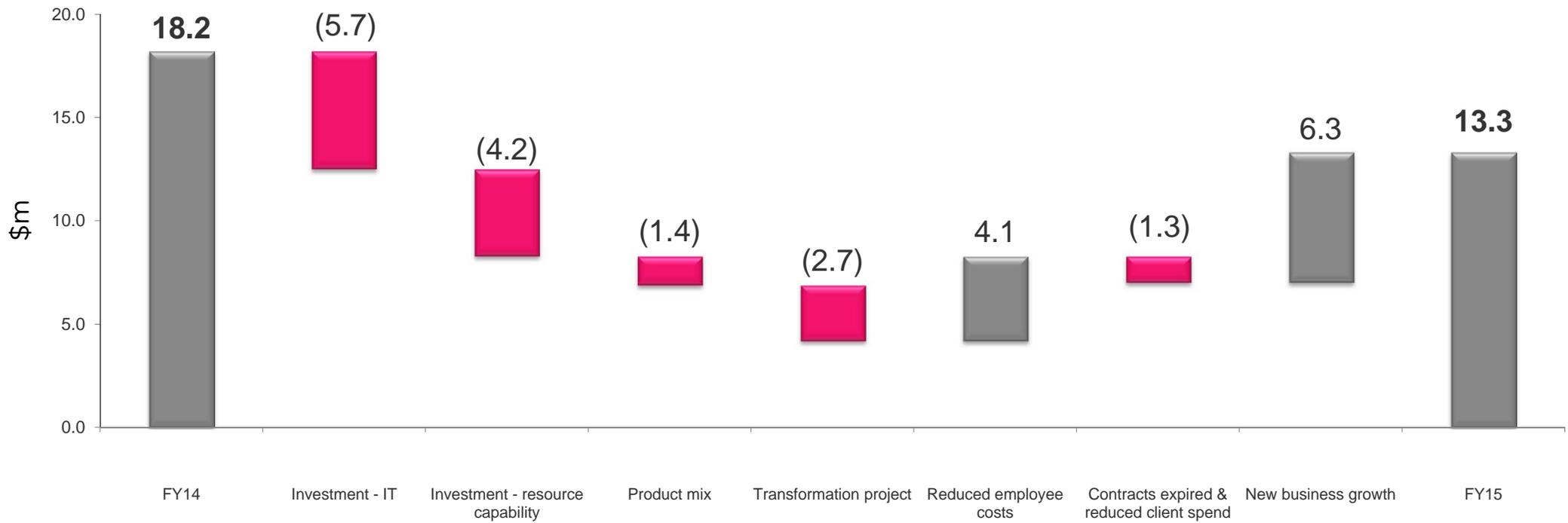
\$ million	2015	2014	% change
Revenue	498.1	452.8	+ 10.0%
Underlying EBITDA	13.3	18.2	- 26.9%
Depreciation & Amortisation	(14.7)	(11.6)	+ 26.7%
Underlying EBIT	(1.4)	6.6	*
Tax (expense)/benefit	(3.6)	3.2	*
Underlying (loss)/profit after tax	(6.7)	10.2	*
Significant items	(91.3)	(9.4)	*
Net (loss)/profit after tax	(98.0)	0.8	*
Final dividend (cents per share)	-	7.5	*

* no meaningful figure

Revenue bridge



Underlying EBITDA bridge



Significant items

\$ million	FY15	
	Pre tax	Post tax
Non-cash impairment for goodwill: CES	(64.6)	(64.6)
Non-cash impairment for goodwill and intangibles: CMS	(30.3)	(29.9)
Business transformation restructure and rightsizing	(4.0)	(2.8)
Acquisition fair value adjustments	5.3	5.3
Sale of online media shares	2.3	2.3
TOTAL	(91.3)	(89.7)

\$ million	FY15
Net (loss)/profit after tax (NPAT)	(98.0)
Significant items (pre tax)	(91.3)
Underlying net (loss)/profit after tax	(6.7)

Acquisition update

- MicroSourcing
 - Provides critical capability to service growth in demand for offshoring.
 - Performing well and winning new business (AU and US clients).
 - Salmat moves from 50% to 100% ownership in FY16.
- Netstarter
 - Provides critical capability to build eCommerce platforms.
 - Fell short of expectations.
 - Forex impact: 18% movement in Sri Lankan currency.
 - Cross-selling opportunities developing and sales trajectory improving.
- Fuse
 - Provides critical capability around Local Area Marketing.
 - Performing well against plan.
 - Salmat moves from 50% to 100% ownership in FY16.

Balance sheet

- Cash reduced mainly due to repayment of borrowings, dividends and prior year working capital requirements.
- Goodwill and intangibles reduced due to impairments and exiting door to door sales.
- Current liabilities increased as MicroSourcing option falls due in FY16.
- Borrowings reduced with new facilities agreed in February.

\$ million	30 Jun 15	30 Jun 14	Change A\$m
Cash and cash equivalents	48.6	116.9	(68.3)
Accounts receivable	63.5	59.1	4.4
Fixed assets	19.9	21.9	(2.0)
Goodwill and intangibles	94.2	189.4	(95.2)
Other	21.7	25.1	(3.4)
Total assets	247.9	412.4	(164.5)
Current liabilities	106.7	81.2	25.5
Borrowings	25.5	66.9	(41.4)
Other non-current liabilities	9.6	47.4	(37.8)
Total liabilities	141.8	195.5	(53.7)
Equity	106.1	216.9	(110.8)

Cash flow summary

- Salmat continued to maintain a net cash position at 30 June 2015.
- A number of timing-related working capital movements had an outflow impact during the year.
- Final dividend for FY14 paid in September 2014.
- Gain from sale of investment.
- Finalised facility agreement for two year term in February 2015: \$22m AUD and \$10m USD.

	\$ million
Net cash at 30 June 2014	49.9
Net operating cash inflow	3.1
Outflows relating to prior year	(8.7)
Capex	(8.4)
Dividend paid	(12.0)
Deferred consideration	(0.9)
Sale of investment	2.3
Net interest paid	(0.2)
Tax	(2.0)
Net cash at 30 June 2015	23.1

Segment information

\$ million	2015	2014	% change
Sales revenue:			
Consumer Marketing Solutions	268.8	259.2	+ 3.7%
Customer Engagement Solutions	227.4	187.9	+ 21.0%
Underlying EBITDA:			
Consumer Marketing Solutions	27.1	27.3	- 0.7%
Customer Engagement Solutions	5.4	5.5	- 1.8%
Production volumes	2015	2014	% change
Catalogues	4.8bn	4.8bn	-
Contact centre seat utilisation (average)	65.8%	56.7%	910bp

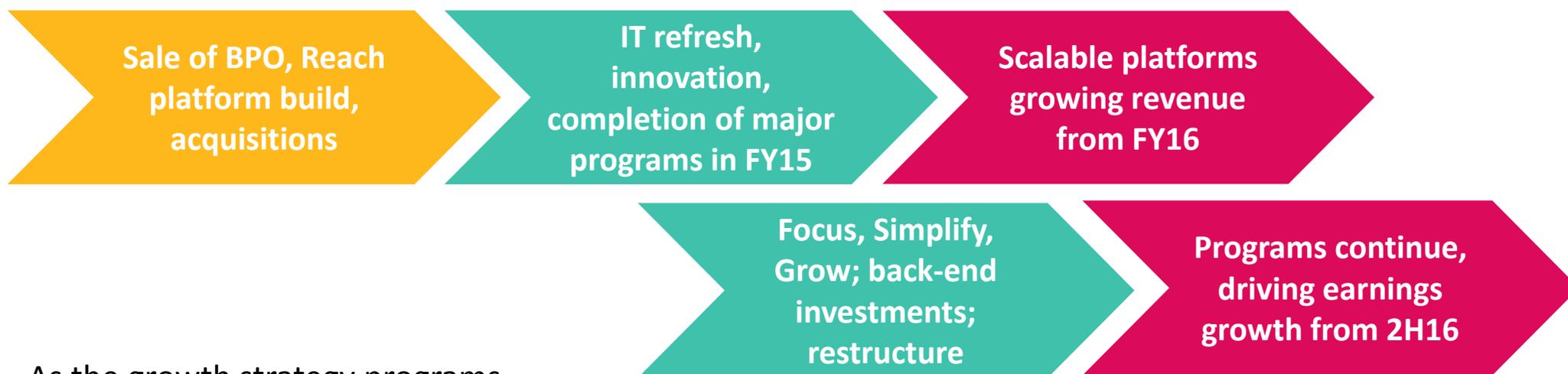


**Business
Transformation**

Craig Dower,
CEO

Path to profitability timeline

Three year client-facing growth strategy commenced July 2013



Two year internal business transformation commenced January 2015

As the growth strategy programs were being implemented, we also needed to transform our operations transformation in order to drive profitability growth.

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: achievements to date

- Commenced January 2015:
 - Restructure of overall business operations - completed.
 - Product and services portfolio review - completed.
 - Portfolio rationalisation - underway, complete by end of Q1 FY16.
 - Rightshoring - first phase completed.
 - Rationalise internal systems - first phase completed.
 - Improve sales effectiveness - first phase completed.

Executive team with clear accountabilities



Craig Dower
Chief Executive Officer

Delivering to Salmat's stakeholders: setting overall strategy and direction; developing culture, values and behaviours; developing leaders; business transformation.



Sarah Pike
Chief Marketing Officer

DESIGN

Connecting Salmat to the market - products, services and brand.



Mark Mulder
Chief Sales Officer

SELL

Driving Salmat's sales channels and strategic alliances - where we sell, how we sell, to whom we sell.



Chris Walsh
Chief Operating Officer

BUILD, DELIVER & MAINTAIN

Building, delivering and maintaining Salmat's products and services - cost-effectively, consistently and to agreed standards.



Rebecca Lowde
Chief Financial Officer

MEASURE

Managing all aspects of Salmat's finances - keeping Salmat financially fit.



Julie Stuart
Chief People Officer

ENABLE

Enabling the organisation - developing Salmat's people, building the culture, guiding safety and wellness.



Kathleen Forbes
General Counsel

PROTECT

Governing the Salmat business - contractually, commercially and compliantly.



Trish Kensell
Head of Organisational Change

REPEAT & IMPROVE

Helping Salmat to continually develop and grow.

Focus...

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

- Review of product and services portfolio complete:
 - Discontinuing several product lines (door to door selling, others TBA).
 - Divesting several smaller product lines.
 - These measures reduce FY16 revenue by approximately 10%.
 - Focussing on core businesses of: Letterbox, Contact, Digital.
- Established new marketing capability:
 - Emphasis on product and portfolio management.
 - Alignment with and support of sales.
 - Rebalancing of sales and marketing spend.
 - Continue to drive innovation on both existing and new platforms.

Simplify...

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

- Implemented integrated Finance and HR platform (Workday):
 - Removed redundant back-end systems.
 - Single source of truth - greater cost transparency.
 - Streamlined business processes, cost savings.
- Consolidated structure to drive greater accountability and reduced cost:
 - Integrated IT and business operations.
 - Consolidated sales team, client (rather than product) focused.
 - Consolidated Finance and HR functions.
- Removal of redundant roles and processes.
- 'Cloud-first' approach to all IT investments.

Grow...

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

- Established client centric sales structure:
 - Client Executive roles for all strategic accounts.
 - Build a client satisfaction platform (NPS as a key measure).
 - Roll out Salesforce.com and account planning tools to drive sales effectiveness.
- Implemented targeted account planning:
 - Focus on key clients.
 - Targeted solutions.
- Focussing our sales efforts:
 - Core solutions and channels.
 - Create higher order value propositions (e.g. Letterbox).
 - More rigorous deal review and solutioning process.

Salmat's transformation: next steps

- Continued optimisation:
 - Product and services phase two - complete portfolio rationalisation (Q1), product roadmaps, gap closures.
 - Workday phase two - further systems and process consolidation.
 - Improved service delivery and lower cost-to-serve.
 - Greater sales effectiveness - targeted growth around core solutions.
- Collaboration platform:
 - Salmat is going Google.
 - Increased collaboration, reduced cost.
- Marketing:
 - Targeted brand development.
 - Connecting products and solutions with market growth.

Current position

- Performance improvement trending in last two quarters FY15.
- Product and services rationalisation reduces FY16 revenue by approximately 10%.
- Growth of around 6-8% on rebased revenue.
- Cost reductions due to portfolio rationalisation, plus removal of redundant processes, systems, roles.
- Will provide a market update at half year results in February 2016.

Summary

FY15 has been a pivotal year for Salmat:

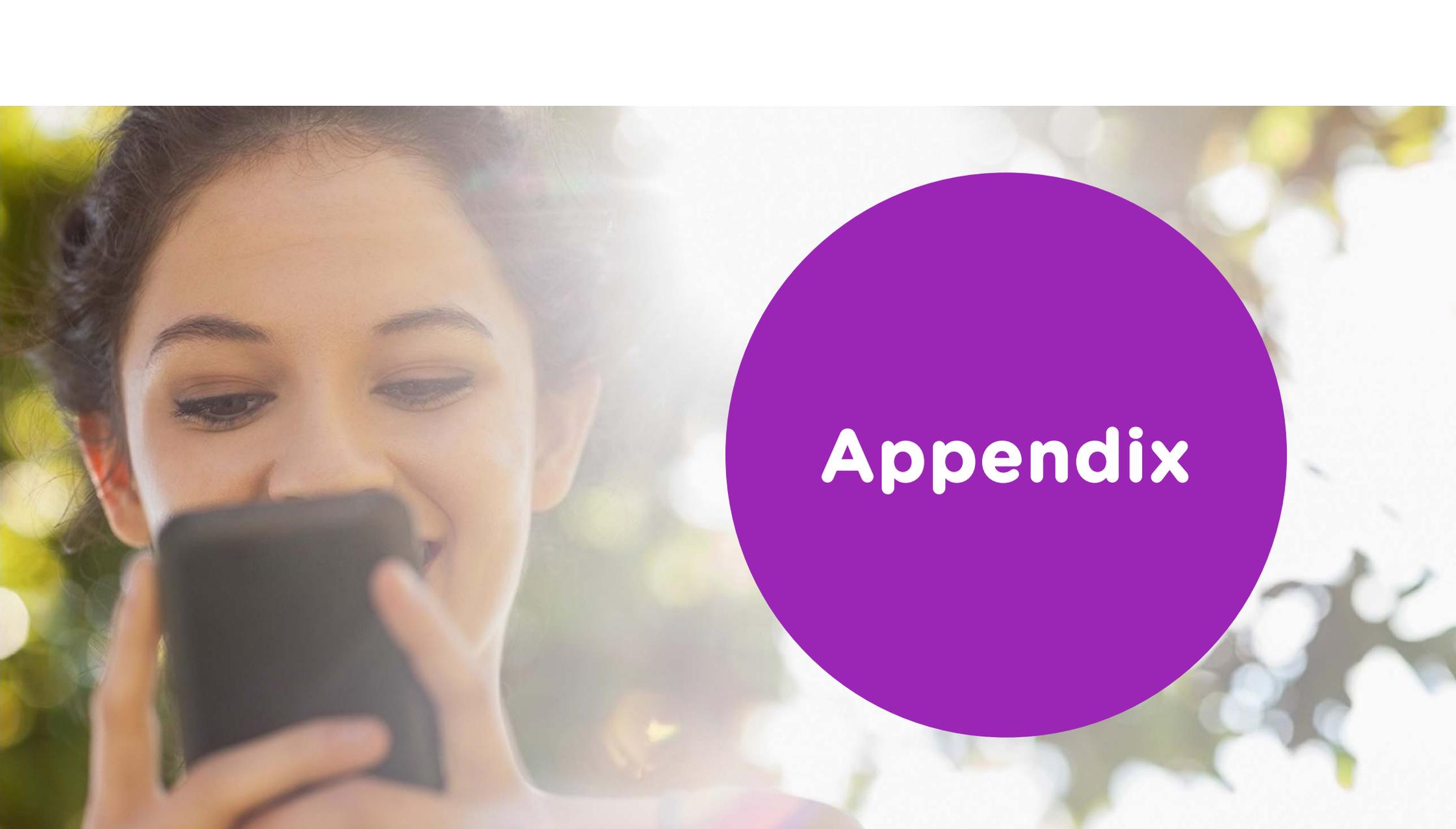
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- Sales momentum building.
- Continuing to invest in innovation.
- Positioned for earnings growth in FY16.

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

Award-winning teams



Salmat Agency team won 'Media Sales Team of the Year' at Mumbrella awards

Salmat's ATO Technical Helpdesk won 'Victorian Contact Centre of the Year' in Auscontact 31-80fte category



Executive leadership team background



Craig Dower
Chief Executive Officer

With 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.



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.



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.



Chris Walsh
Chief Operating Officer

A highly experienced senior operations and technology executive, Chris Walsh joined Salmat in December 2014. Chris has managed 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.



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.



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.



Kathleen Forbes
General Counsel

Kathleen joined Salmat in 2011 as General Counsel, and brings over 20 years of commercial legal experience to the role. Prior to joining Salmat, Kathleen held legal roles with the Staples/ Corporate Express group, Tenix and Clayton Utz. Kathleen manages the organisation's broad range of legal affairs across Australia, New Zealand and the Philippines.



Trish Kensell
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. A qualified organisational psychologist, Trish has also worked in senior HR roles in the IT industry.