



RESULTS FOR THE YEAR ENDING 30 JUNE 2016

Wayne Sidwell Executive Chairman

Stephen Rees Chief Executive Officer - Australia/NZ

Andrew Lumsden Chief Financial Officer



We are a leading global
independent production agency

Specialising in content creation and innovative technology

We are fortunate to work with leaders of industry who genuinely want to create meaningful connections with their customers. Our role in the process is to add value by bringing ideas to life and by providing our support and expertise to ensure our clients' content is delivered in the right context, with speed, accuracy and consistency.

WE MEASURE OURSELVES BY OUR CLIENTS' SUCCESS.

BLUE CHIP CLIENT BASE



3 STREAMS OF BUSINESS



CONTENT

Design

Copywriting

Art Direction

Photography

Creative Retouching

CGI

Animation

3D

Video



PRODUCTION

Production Management

Traffic Management

Artwork

Colour Management

Adaptation

Translation

Print Production

Digital Production

TV / Video Production



TECHNOLOGY

Marketing Resource Management

Digital Asset Management

Online Approval

Catalogue Automation

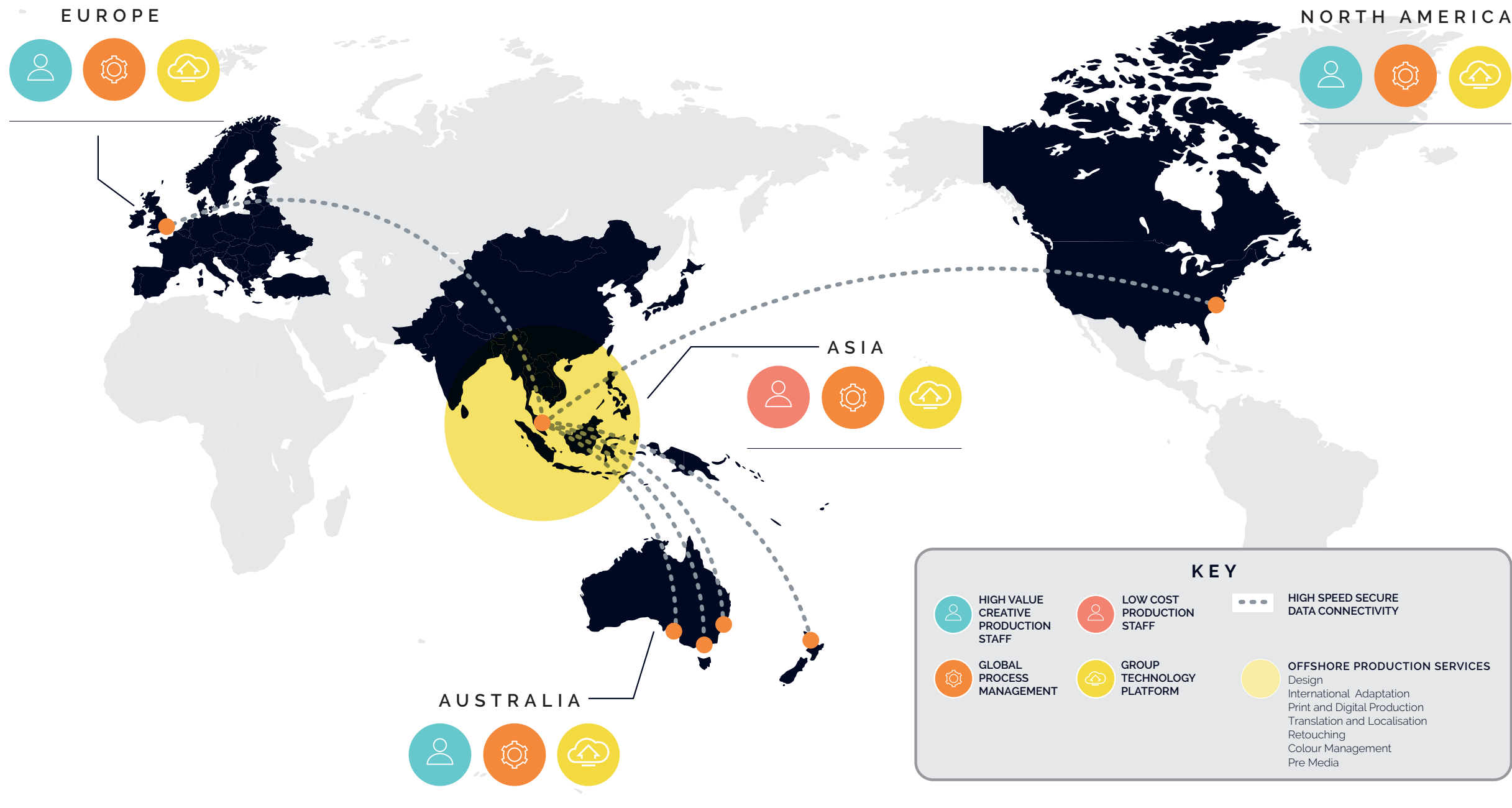
Local Area Marketing

Print Procurement

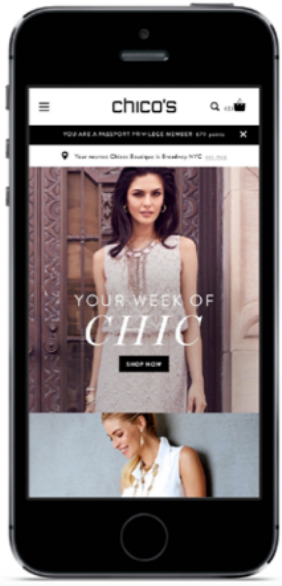
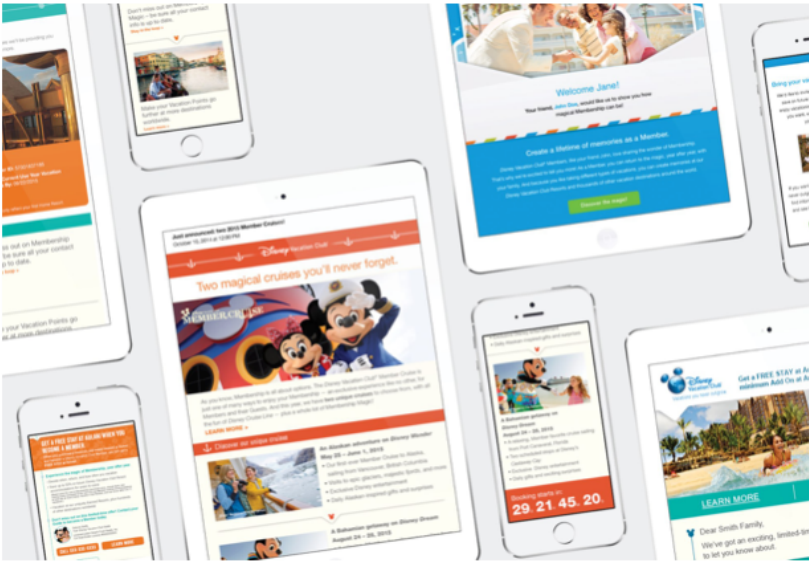
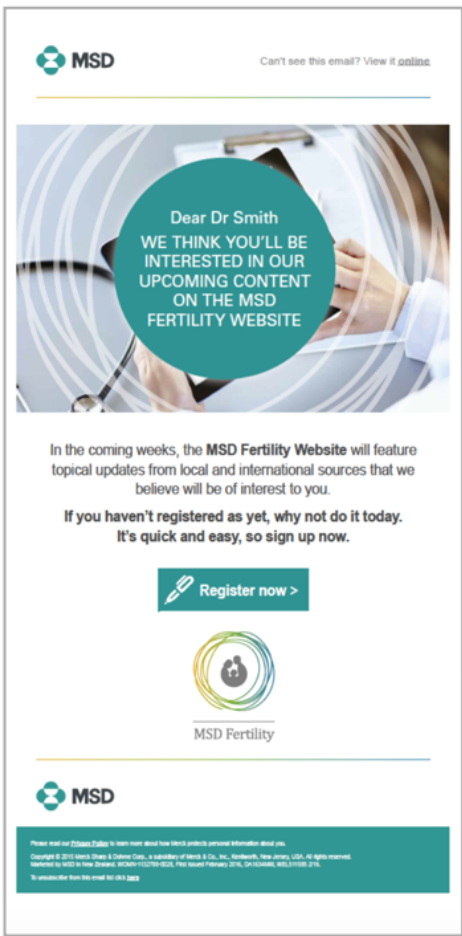
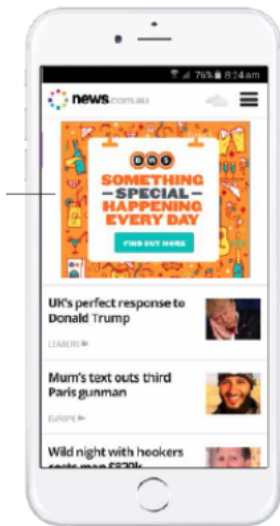
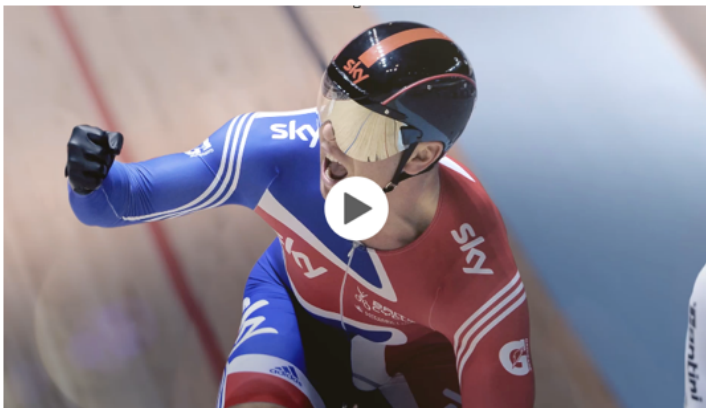
App Development

Workflow Automation

24/7 GLOBAL PRODUCTION CAPACITY



ALL CHANNELS, ALL INDUSTRIES, MULTIPLE LANGUAGES



TECHNOLOGY SOLUTIONS

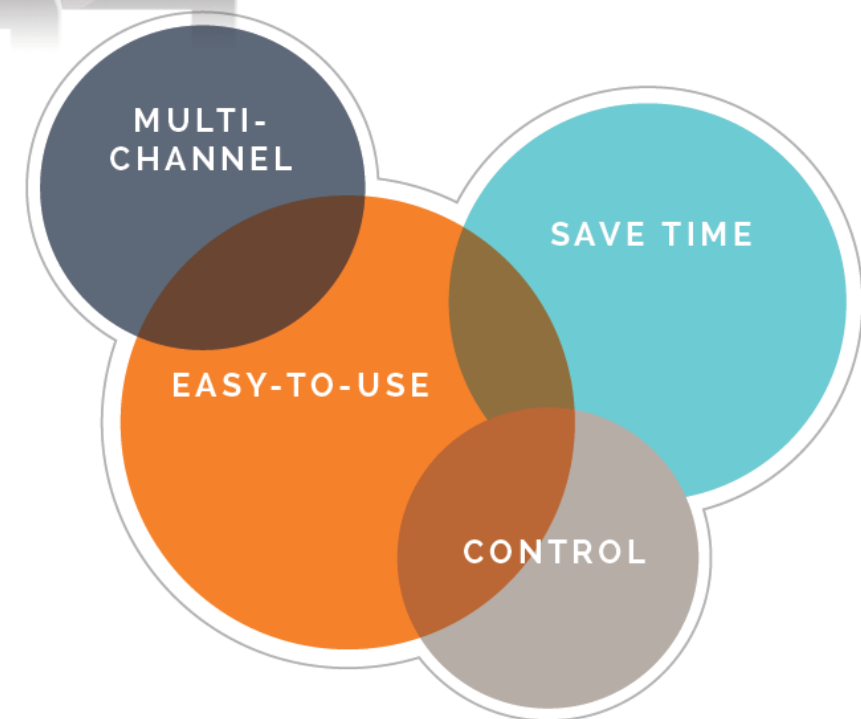
We design, develop and deploy technology to make the craft of marketing easier and more efficient for our customers.



The marketing environment is changing rapidly. Marketers have to adapt to new media channels, disruptive business models and an increasing shift of market power towards customers.

To stay in control, marketing needs to improve the way daily operations are performed. Marketing processes, materials and software need to be in sync and flexible to allow the company to tap into opportunities and changing market conditions.

Our retail technology is a complete marketing solution. Designed by professionals with an intimate knowledge of marketing processes, it improves efficiency across the entire workflow. To ensure our clients are able to efficiently plan, store, build, produce, procure and approve rich and engaging content with speed, accuracy and consistency.



WE ARE PRODUCTION DECOUPLING EXPERTS



PERFORMANCE HIGHLIGHTS

NET REVENUES



FULL SERVICE HUBS
NOW 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 \$13.59M

Cash on hand approximately \$7.8M

Net tangible assets per share of 42.31 cents

FULLY FRANKED
FULL YEAR
DIVIDENDS
INCREASED
TO 22.5 CENTS
PER SHARE

MARKET CONDITIONS AND TRENDS

- ▶ Digital and Social Media has forced structural change across the advertising and media industries.
- ▶ Brands are shifting large portions of budget away from campaigns to “always on” content strategies.
- ▶ This suits production companies with experience in delivering large volumes of content frequently.
- ▶ Brands need nimble partners with content creation, production and technological expertise.
- ▶ Procurement departments remain influential in agency selection process.

SIGNIFICANT NEW BUSINESS WINS

Australasia

- ▶ Telstra (Graphic Design)
- ▶ Telstra (Digital and Social)
- ▶ BASF (Graphic Design)
- ▶ NBC Universal (TVC Production)
- ▶ Fairfax Media (TVC Production)
- ▶ Endota Spa (Graphic Design, Print Management)
- ▶ AHM (Medibank) (Creative Design, Digital and Social)

United States

- ▶ Luxottica (Digital, Graphic Design)
- ▶ Pernod Ricard (Web Development)
- ▶ Michael Kors (Graphic Design, Creative Retouching)

United Kingdom

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

KEY RESULTS

	FY16 (\$m)	FY15 (\$m)	Change (%)
Statutory revenue	156.24	115.35	35.4
Net revenue *	103.38	85.90	20.3
EBITDA	19.08	16.07	18.7
EBIT	16.44	13.90	18.3
Net profit for the period	11.10	9.76	13.7
EPS (cents)	28.33	24.91	13.7
DPS (cents)	22.5	20.5	9.8
Franking (%)	100.0	100.0	
Return on net assets (%)	16.97	15.40	10.2

- ▶ Net revenues up by 20% to \$103.4M.
- ▶ Net profit up 14% to \$11.1M.
- ▶ Dividend per share increased to 22.5 cents per share, up 10%.
- ▶ Significant franking credits remain within the group.

* Net revenue excludes print management and other pass through costs

SUMMARY FINANCIAL POSITION

	FY16 (\$m)	FY15 (\$m)
Cash and debtors	30.87	30.89
Inventories and work in progress	1.11	1.34
Intangibles (Goodwill)	47.63	44.49
Intangibles (Software Development)	1.28	1.25
Debt	0.26	2.86
Equity	65.43	63.37
NTA per share (cents)	42.31	42.51
Debtor days	48	42
Working capital ratio	1.55	1.56
	FY16 (\$m)	FY15 (\$m)
Capital expenditure	2.87	2.06
Net cash flows from operating activities	13.59	13.78

- ▶ Strong financial position with negligible debt.
- ▶ Capital expenditure includes new business wins (Telstra, Tesco), and an Apple Mac fleet refresh in Australia.
- ▶ Cash flows from operating activities of \$13.6M.

GROUP RESULTS FY16

	FY16 (\$'000)	FY15 (\$'000)	Change (%)
Statutory revenue	156,237	115,354	35.4
Less: Pass through costs	(52,862)	(29,459)	79.4
Net revenue	103,375	85,895	20.4
Results from operating activities	19,665	16,707	17.7
Margin	19.0%	19.5%	(2.6)
Unallocated & restructure*	(3,221)	(2,808)	14.7
Net interest (expense)/income	(147)	(99)	48.5
Income tax expense	(5,192)	(4,037)	28.6
Net profit for the period	11,104	9,762	13.7

* Includes \$641K of redundancy costs in FY16 (FY15 \$583K)

AUSTRALASIA

	FY16 (\$'000)	FY15 (\$'000)	Change (%)
Net segment revenue	56,017	53,038	5.6
Segment result	12,530	12,479	0.4
Margin	22.4%	23.5%	(4.7)
Staffing	304	312	(2.6)

- ▶ Net segment revenues up 6%.
- ▶ Segment margins improved after accounting for the impacts of new business investment (\$182K), the Dick Smith Holdings receivership (\$345K) and foreign exchange fluctuations (\$487K).
- ▶ Leveraging low cost production through Wellcom Malaysia Centre of Excellence.
- ▶ DSO of 45 days (Jun 16) from 40 days (Jun 15).

UNITED KINGDOM

	FY16 (\$'000)	FY15 (\$'000)	Change (%)
Net segment revenue	19,723	13,027	51.4
Segment result	2,622	365	618.4
Margin	13.3%	2.8%	375.0
Staffing	83	60	38.3

- ▶ Net segment revenues up 51% to \$19.7M.
- ▶ Segment margin increased from 2.8% to 13.3% 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, DKNY).
- ▶ DSO of 50 days (Jun 16) from 64 days (Jun 15).

UNITED STATES

	FY16 (\$'000)	FY15 (\$'000)	Change (%)
Net segment revenue	27,635	19,830	39.4
Segment result	4,512	3,862	16.8
Margin	16.3%	19.5%	(16.4)
Staffing	87	90	(3.3)

- ▶ Net segment revenues up 39% to \$27.6M.
- ▶ Segment result up 16.8% to \$4.5M.
- ▶ Full year 2016 results includes contribution from Dippin' Sauce LLC, acquired 1 July 2015.
- ▶ Continuing to leverage global relationships in new business wins (Michael Kors, UKTI, DKNY).
- ▶ DSO of 45 days (Jun 16) from 51 days (Jun 15).

STRATEGIC AND OPERATIONAL UPDATE

- ▶ 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.
- ▶ Furthering group wide content distribution network within Asia to support global business opportunities.
- ▶ Expansion of video production services in all key markets.
- ▶ Further leverage of low cost production through Wellcom's "Centre of Excellence" - K.L.
- ▶ Ongoing development and deployment of Knowledgewell technology.
- ▶ Continued focus on complementary acquisitions, and strategic partnerships.

CONTACT DETAILS

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 the 17 August 2016, for the full year ended 30 June 2016 together with an update on Wellcom's activities, and is current at the date of preparation 17 August 2016. Further details are provided in the Company's full year accounts and results announcement released on 17 August 2016.

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