WELLCOM GROUP DELIVERS SOLID GROWTH IN AUSTRALIA

19 AUGUST 2009

Wellcom Group Limited (Wellcom) (ASX: WLL), a leading provider of pre-media and digital asset management services in Australasia and the United Kingdom, and web printing services in Australia, primarily to corporations and retailers, today announced its results for the year ended 30 June 2009.

	FY09 $m	FY08 $m	Change
Revenue	78.53	77.86	+1%
EBITDA	13.49	16.05	-16%
EBIT	10.25	12.02	-15%
Net Profit After Tax	6.70	7.86	-15%
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Earnings Per Share	17.09	20.05	-15%
Earnings Per Share (excl. Amort.)	17.56	21.60	-19%
Dividend Per Share	12.00	13.00	-8%
Franking (%)	100	100	

“The result is approximately 10% higher than our revised expectations. Organic growth of approximately $4.1m in Total Facilities Management hubs (TFM’s) in Australian pre-media, together with organic sales growth of $1.6m in Australian webprint contributed to a 4% increase in segment earnings in Australasia. iPrint joint venture earnings of $938k were 15% lower due to decreased volumes. The UK pre-media business suffered due to decreased volumes in general.” Mr Sidwell said.

“The initiative has been on the deployment of our Knowledgewell technology to new and existing customers, and ensuring that each business segment’s resources are appropriate in providing our customer base with the highest level of service.”

“With over thirty hubs now in operation, and customers consistently accepting a broader range of our services, our TFM service offering provides corporate and retail customers with the means to control their own digital assets as well as avenues for Wellcom to increase its

revenues while reducing production lead times and providing savings in time and costs for our customers."
"The impact of decreased non contracted revenues has been mitigated by increased volumes in existing TFM's and the commencement of relationships with blue chip customers such as Qantas Holidays, Coles and Ford (Aus.), Selfridges (U.K.), and thelab (N.Y.) during the period June to August 2009. The year has also seen the acceptance of our Knowledgewell software product as a stand-alone offering" said Mr Sidwell.

"Knowledgewell, our proprietary digital asset management software, is instrumental in providing customers with substantial productivity gains. The continued enhancement of our software offering has seen the introduction of the Document Browser this year, and will see the introduction of Page Planner and the new OnLine Approval module."

"This year has seen Wellcom increase its reach into the corporate and retail customer base, while examining all segments of its business and restructuring its cost base where appropriate. New customer wins mean Wellcom is carrying good momentum into the new financial year. Whilst the market is still volatile Wellcom is quietly confident that satisfactory EPS growth in FY10 will be achieved." Mr Sidwell concluded.

OPERATING PERFORMANCE

Wellcom recorded revenue growth of 1% for the full year to 30 June 2009. Growth at segment trading level in both pre-media and webprint in Australasia was offset by decreased earnings in UK pre-media, due to less volume across the board. The business has been restructured to accommodate this.

Underlying margins have increased in Australasia, notwithstanding difficult trading conditions in the second half of the year. Overall margins were adversely impacted by the performance of UK pre-media, which operated at a loss in the second half, and the relative increase in the contribution from Cadillac Printing.

iPrint, the 50%-owned joint venture with Australia Post, continues to perform satisfactorily in a difficult market, contributing $0.94 million of equity-accounted earnings (down 15% on pcp). iPrint volumes decreased in the second half but margins were maintained. Restructuring, and early signs of increased volumes suggest the business will perform satisfactorily in the new year.

Total EBIT for the year decreased by 15% to $10.25 million (2008: $12.02 million). This result is after absorbing $0.41 million of restructuring costs.

The full year effective tax rate is 28% (2008: 29%). The future effective tax rate is anticipated to revert to approximately 29%, but this will be dependent on several factors including the level of franked dividends received from the iPrint joint venture.

CASH FLOW AND BALANCE SHEET

The company had net operational cash flow of $7.70million (2008: $10.5 million), which represents a 27% decrease over FY08. This was largely attributable to the sales mix and lower earnings, offset by lower tax payments, together with an improvement in both debtors and inventories, offset by shorter credit terms in the web printing business. Over the course of the year Wellcom's net debt position decreased to $4.76 million (2008: $6.98million).Year end gearing (net debt : equity) of 9.7% (2008: 14.8%) provides a sound financial base and the flexibility to pursue growth opportunities that may arise.

DIVIDEND

The Directors have declared a fully franked final dividend of 6 cents per share, bringing the full year dividend to 12 cents per share, fully franked. This equates to a payout ratio of approximately 70% (2008: 65%). The record date for determining entitlements to the final dividend is 11 September 2009, and payment will occur on 23 September 2009.

OUTLOOK

Wellcom is confident of full year EPS growth in FY10. Contributory factors will be ongoing organic growth, contributions from recent contractual gains, and a further improvement in the performance of Cadillac Printing.

Wellcom continues to review complementary acquisitions that would augment both the geographic and production capabilities of the business. The company remains confident that it is positioned well and will provide growth in earnings in the future.

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