



WELLCOM GROUP DELIVERS SOLID FIRST HALF PERFORMANCE AND ANTICIPATES FULL YEAR EPS GROWTH

18 FEBRUARY 2010

Wellcom Group Limited (Wellcom) (ASX: WLL), a leading provider of pre-media, webprint and digital asset management services in Australasia and the United Kingdom, primarily to corporations and retailers, today announced its results for the half year ended 31 December 2009.

	1H10 \$m	1H09 \$m	Change
Revenue	43.89	42.76	+3%
EBITDA	7.86	8.77	-10%
EBIT	6.34	7.11	-11%
Net Profit After Tax	4.34	4.46	-3%
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Earnings Per Share	11.1	11.4	-3%
Dividend Per Share	6.0	6.0	-
Franking (%)	100	100	-

In commenting on the result, Mr Wayne Sidwell, Executive Chairman of the Wellcom Group said, "We are pleased to report a result in line with our initial expectations, particularly given current ongoing market conditions, which we are confident still positions us to achieve our anticipated EPS growth for the full year". "Organic sales growth of 8% in the Australasian pre-media and web print businesses was driven by an increase in managed hub revenues together with an increase in non-contracted jobbing work. The slightly greater decline in UK pre-media revenue, reflecting the general downturn in the UK market in comparison to the prior year, detracted from the result though the business has been restructured and the rate of losses has been halved from the second half of FY09."

"Our total facilities management (TFM) service offering continues to go from strength to strength working closely with clients to achieve the best service delivery possible. With approximately thirty-five hubs now operational, clients are experiencing the benefits of the range of our services whilst being able to control their own digital assets, reduce lead times and realise savings in time, resources and costs."

“We are committed to the ongoing development of our proprietary Knowledgewell software in order to efficiently and effectively meet our clients’ needs and deliver them substantial productivity gains. The current year will see the introduction of a new retail catalogue planner and new online approval module.”

“Whilst globally the market continues to be volatile Wellcom remains confident that its results for the full year will see a return to EPS growth,” Mr Sidwell concluded.

OPERATING PERFORMANCE

Wellcom recorded revenue growth of 3% to \$43.89 million for the half year to 31 December 2009, including organic growth of 8% in Australasia and sales advances in all States with the exception of Queensland. This result reflects organic revenue growth from TFM facilities in the corporate and retail sectors and an increase in both Wellcom’s and Cadillac Printing’s jobbing work.

Australian pre-media margins continued to increase, however web-printing experienced a fall in margins resulting from the outsourcing of work late in the year due to capacity constraints and some materials price increases. Overall group margins were also adversely impacted by the new sales revenues in the UK being deferred to the second half of FY10.

iPrint, the 50%-owned print management joint venture with Australia Post, has maintained its contribution to the group at \$0.57 million (2008: \$0.58 million) of equity-accounted earnings. iPrint has benefited from steady volumes from its major customers in the half and a small improvement in margins.

Total EBIT for the half decreased by 11% to \$6.3 million, reflecting the decline in UK pre-media. The result is after absorbing \$0.16 million of UK restructuring costs.

The half year effective tax rate of 26% reflects the contribution of \$0.75 million of joint venture profits paid as dividends in the half.

CASH FLOW AND BALANCE SHEET

The company has maintained net operational cash flow at \$4.5 million in comparison to the prior corresponding period. Over the course of the half Wellcom’s net debt position decreased from \$4.76 million to \$3.39 million. Gearing (net debt:equity) reduced to 6.7% (2008: 12.2%) providing a sound financial base and the flexibility to pursue growth opportunities as they arise.

DIVIDEND

The Directors have declared a fully franked interim dividend of 6 cents per share. The record date for determining entitlements to the interim dividend is 19 March 2010, and payment will occur on 15 April 2010.

OUTLOOK

Wellcom remains confident of a full year result in FY10 consistent with its initial expectation of EPS growth based on ongoing organic sales growth, full year contributions from recent contractual wins, and further improvement in Keene Repro’s operating performance. The second half of FY10 will reflect Wellcom’s move into the Asian market with the creation of Wellcom Singapore and Wellcom Malaysia, presenting a number of new opportunities for the Group. In addition to this the company is in a strong financial position to be able to

consider complimentary acquisitions that would further augment both the geographic and production capabilities of the business.

Wellcom has built a strong base from which to deliver increased shareholder returns over the longer term and looks forward to the future with confidence.

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