

# Wellcom Group Limited

Results for the six months ended 31 December 2011

**22 February 2012**

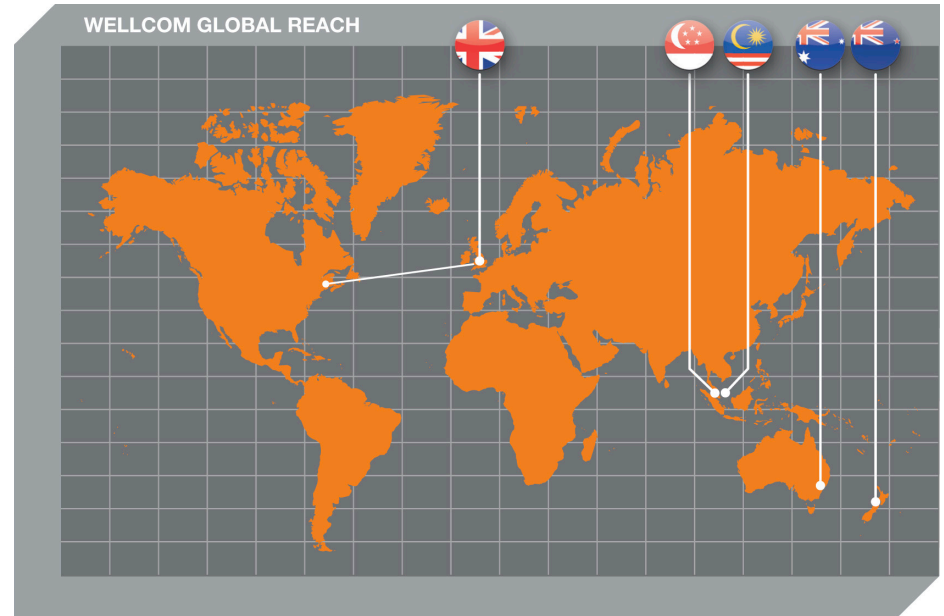
Wayne Sidwell, **Chief Executive Officer**

Julian Graham, **Chief Financial Officer**

Melbourne ■ Sydney ■ Adelaide ■ Auckland ■ London ■ Singapore ■ Kuala Lumpur

# Company Background

- Australia's leading pre-media services company
- Global reach servicing clients in Australia, New Zealand, Singapore, Malaysia, UK and the US
- Long standing blue chip client relationships
- Reliable performance
- Consistent dividend history



# Blue Chip Client Base



# Highlights

## **Statutory revenue of \$48.06M, up 65%**

- Net revenues (excluding print management pass through costs) of \$29.56M, up 8%
- Solid growth in TFM (hubs) in Group pre-media (77% of revenues in 1H12 vs 71% of revenues in 1H11)
- Successful integration of iPrint (Australia) and Mission Possible (UK) businesses
- Established frame-work for cross selling and up-selling of specialised services

## **NPAT from continuing operations of \$5.27M, up 7%**

- Improvement in Group margins

## **Strong cash and financial position**

- No debt
- Cash on hand approximately \$13.8M
- Net tangible assets per share of 54.76 cents

## **Fully franked interim dividend increased by 7% to 8 cents**

# Market and Trading Conditions

## Market conditions and trends

- Retailers continue to invest strongly in catalogues (print and online)
- Group TFM revenues increasing (77% of Global revenues 1H12 vs 71% Global revenues 1H11)
- Steady flow of customer activity, all geographical locations
- Generally strong activity across corporations and retailers
- Pricing pressure has been managed
- Working with major retailers and corporations in digital production

# New Business

## Confirmed

- Commonwealth Bank of Australia
- Tattersalls Group
- Masters Home Improvement (Woolworths)
- Bank of Melbourne (Westpac)

## Prospective

- Asian retailers/corporations
- UK retailer/digital agency
- US ad agencies
- Australian financial institutions/corporations

# Key Results

	1H12 (\$m)	1H11 (\$m)	Change (%)
Statutory revenue	48.06	29.10	+65
Net revenue *	29.56	27.28	+8
EBITDA from continuing operations	8.14	7.59	+7
EBIT from continuing operations	7.13	6.62	+8
Profit after tax from continuing operations	5.27	4.94	+7
Statutory net profit for the period	5.27	5.41	-3
EPS – continuing operations (cents)	13.45	12.59	+7
EPS – statutory (cents)	13.45	13.81	-3
DPS (cents)	8.0	7.5	+7
Franking (%)	100.0	100.0	-
Return on net assets (%)	9.71	10.54	-9

\* Net revenue excludes print management pass through costs

# Summary Financial Position

	1H12 (\$m)	FY11 (\$m)
Cash and debtors	27.92	28.97
Inventories and work in progress	2.67	1.64
Intangibles	32.83	31.91
Debt	Nil	Nil
Equity	54.29	52.51
NTA per share (cents)	54.76	52.56
Debtor days	46	31
Working capital ratio	2.09	1.90
Capital expenditure (\$m)	0.30	1.07
Net cash flows from operating activities (\$m)	0.78	5.08

- Strong financial position with no debt
- Capital expenditure reduced from prior period levels including Asian start ups
- Increased receivables balance and subsequent effect on operating cash flows due to seasonality of print
- Intangibles increased due to Mission acquisition



# 1H12 Group Results

\$'000 AUD	1H12	1H11	Change
Statutory revenue	48,061	29,097	+65%
Less: Pass through costs	(18,497)	(1,819)	
<b>Net segment revenue</b>	<b>29,564</b>	<b>27,278</b>	<b>+8%</b>
Segment result	8,008	6,871	+17%
Margin	27.1%	25.2%	
Joint venture income	-	595	
<b>Results from operating activities</b>	<b>8,008</b>	<b>7,466</b>	<b>+7%</b>
Margin	27.1%	27.4%	
Unallocated & restructure *	(878)	(843)	
Net interest income/(expense)	307	99	
Income tax expense	(2,168)	(1,787)	
Discontinued operations	-	477	
Statutory profit for the year	5,269	5,412	-3%

\* Includes \$126K of redundancy/restructure costs in 1H12 (1H11 -\$59K)

# Pre-Media Australasia

\$'000 AUD	1H12	1H11	Change
Net segment revenue	25,705	24,497	+5%
Segment result	7,147	6,383	+12%
Margin	27.8%	26.1%	
JV (iPrint)	-	595	-
Results from operations	7,147	6,978	+2%
Margin	27.8%	28.5%	
Staffing	282	262	+8%

- Increased revenues despite pricing challenges
- Print management fees now brought to account in revenues
- Fixed cost base excluding acquisitions down 2%
- Increased investment in software development
- DSO of 45 days (Dec 11) from 31 days (Jun 11)

# Pre-Media United Kingdom

\$'000 AUD	1H12	1H11	Change
Net segment revenue	5,034	3,425	+47%
Segment result	861	488	+76%
Margin	17.1%	14.2%	
Staffing	61	45	+36%

- Revenue growth through increased volumes from established clients and Mission Possible acquisition
- Active marketing of Knowledgewell
- Fixed cost base excluding acquisitions down 2%
- Continued improvement expected in margins
- DSO of 54 days (Dec 11) from 41 days (Jun 11)

# Strategic and Operational Update

- Development of the new Knowledgewell software modules - Canopy
- Growth in design and digital services
- Further growth in corporate and retail sector client base
- Building relationships in Asia and US
- Successful integration of iPrint and Mission Possible

Creative Agency

Strategy Creative Brand Design Design Artwork Pre-media Photography Packaging TV Online Distribution Content Management Print Management

well:com

# Outlook

- Growth platform established – geographic and service expansion
- Further investment in Knowledgewell - Canopy
- UK business expanding with business acquisition
- Asian presence now established and we are pitching for new clients
- Global brands are now engaging us for their European and Asian fulfillment
- UK building relationships with US based customers fulfilling into Asia and Europe
- Stable base for acquisition growth that offer customers and capability expansion
- Australian new business – Commonwealth Bank of Australia, Tattersalls Group, Masters Home Improvement (Woolworths), Bank of Melbourne (Westpac)

# Contact Details

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# Disclaimer

The material in this presentation is a summary of the results of Wellcom Group Limited (Wellcom) as at the 22 February 2012, for the six months ended 31 December 2011 together with an update on Wellcom's activities, and is current at the date of preparation, 22 February 2012. Further details are provided in the Company's half year accounts and results announcement released on 22 February 2012.

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