



## WELLCOM GROUP DELIVERS SOLID GROWTH AND RAISES DIVIDENDS PER SHARE

**16 FEBRUARY 2011**

Wellcom Group Limited (Wellcom) (ASX: WLL), a leading provider of pre-media and digital asset management services in Australia, NZ, Singapore, Malaysia and the United Kingdom, primarily to corporations and retailers, today announced its results for the half year ended 31 December 2010.

	<b>1H11</b>	<b>1H10</b>	<b>Change</b>
	<b>\$m</b>	<b>\$m</b>	
<b>Revenue</b>	<b>29.56</b>	<b>29.60</b>	<b>0%</b>
EBITDA	7.59	7.14	6%
EBIT	6.62	5.83	14%
<b>Profit after tax from continuing operations</b>	<b>4.94</b>	<b>4.24</b>	<b>16%</b>
Profit after tax from discontinued operations/non-controlling interest	0.47	0.10	
Statutory profit after tax	5.41	4.34	25%
	<b>¢</b>	<b>¢</b>	
Earnings per share – from continuing operations	12.59	10.83	16%
Earnings per share - statutory	13.81	11.07	25%
Dividend per share	7.5	6.0	25%
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 reflecting a 16% increase in profit after tax from continuing operations. This growth has been underpinned by organic sales growth in the Australasian pre-media business and a strong contribution from the UK pre-media operation following completion of the business’ restructure in the prior year.”

“We continue to work closely with clients to deliver the benefits of the range of our services whilst we manage their content and 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 and are currently deploying online approval and planning modules whilst a number of next generation Knowledgewell modules are planned for release in the near future.”

## **OPERATING PERFORMANCE**

During the period Wellcom completed the sale of its 50% interest in the web offset printer Kinkaid Pty Ltd (trading as Cadillac Printing), and closed sheet-fed operations in Queensland, in order to focus on core business activities.

Wellcom recorded revenue of \$29.56 million for the half year to 31 December 2010. This result includes organic growth of 7% in Australasia and 4% in the UK offset by the strategic exit from the Queensland market. Asia contributed sales of \$0.5 million, representing 2% of the organic growth.

Group margins on a normalised basis excluding Cadillac continued to improve, increasing 2% to 23% for the half year, notwithstanding investment in growth of the software development division and trading losses of approximately \$0.1 million in Asia.

iPrint, the 50%-owned print management joint venture with Australia Post, increased its contribution to the group by 5% to \$0.60 million (2009: \$0.57 million) of equity-accounted earnings. iPrint has benefited from increased volumes from its major customers in the half and a small improvement in margins.

Profit after tax from continuing operations increased by 16% to \$4.94 million, reflecting continued strength within the Australasian pre-media business together with an improvement in operating performance of the UK operations.

The half year effective tax rate of 27%, consistent with the prior corresponding period, reflects the contribution of \$0.5 million of joint venture profits paid as dividends in the half.

## **CASH FLOW AND BALANCE SHEET**

The company has increased net operational cash flow by 13% to \$5.1 million (2009: \$4.5 million) in comparison to the prior corresponding period. At the 31 December 2010 Wellcom has no net debt with cash and cash equivalents in excess of interest bearing liabilities by \$9.16 million. This is in comparison to a net debt position of \$3.38 million in the prior corresponding period and provides 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 7.5 cents per share. The record date for determining entitlements to the interim dividend is 21 March 2011, and payment will occur on 31 March 2011.

## **OUTLOOK**

Following the solid first half performance, and based on full year contributions from recent contractual wins and continued improvement in the operating performance of the UK pre-media business, Wellcom is confident of solid EPS growth for the year.

Wellcom is now established in the Asian market following the creation of both Wellcom Singapore and Wellcom Malaysia which presents an area of significant potential future growth.

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 and deliver increased shareholder returns over the longer term.

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