

# Wellcom Group Limited

Results for the year ending 30 June 2012

**22 August 2012**

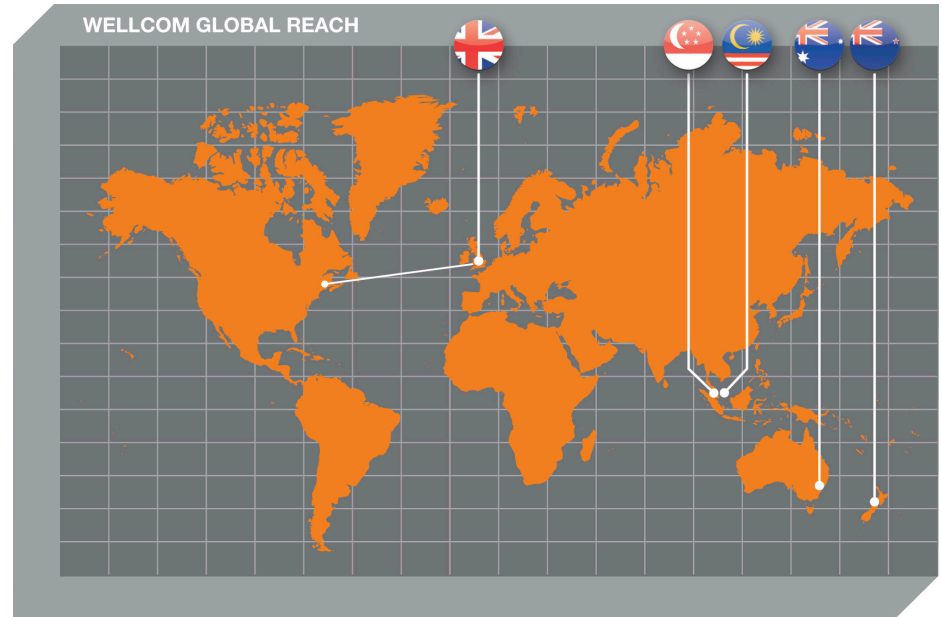
Wayne Sidwell, **Executive Chairman**

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.
- Leading edge technology Knowledgewell.



# Blue Chip Client Base



# Highlights

**Net revenues (excluding print management pass through costs) of \$55.76M, up 5.9%.**

- Solid growth in TFM (hubs) in Group pre-media (71% of Global revenues in FY12 vs 67% of Global revenues in FY11).

**Earnings before interest and tax of \$13.18M, up 11.2%**

- Improvement in operating margins within all jurisdictions (Group margins of 27% vs 24% in FY11).

**NPAT from continuing operations of \$9.59M, up 4.8%**

**Strong cash and financial position**

- No debt and cash flows from operating activities of \$6.1M.
- Cash on hand approximately \$15.5M.
- Net tangible assets per share of 54.23 cents, up 11.9%.

**Fully franked full year dividends increased by 9% to 18 cents**

# Market and Trading Conditions

## Market conditions and trends

- Retailers continue to invest strongly in catalogues (print and online).
- Group TFM revenues increasing (71% of Global revenues FY12 vs 67% Global revenues FY11).
- Generally strong activity across corporations and retailers.
- Pricing pressure has been absorbed.
- Working with major retailers and corporations to transition to digital production.
- Offshore “Centre of Excellence” being established in Kuala Lumpur.

# New Business

## Confirmed

- Commonwealth Bank of Australia
- Tattersalls Group
- Bank of Melbourne (Westpac)
- National Australia Bank
- Jetstar
- Kathmandu
- Liquorland (Coles)
- Funtastic Furniture

## Prospective

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

# Key Results

	FY12 (\$m)	FY11 (\$m)	Change (%)
Statutory revenue	88.64	57.25	+54.8
Net revenue *	55.76	52.67	+5.9
EBITDA from continuing operations	15.16	13.82	+9.7
EBIT from continuing operations	13.18	11.85	+11.2
Profit after tax from continuing operations	9.59	9.15	+4.8
Statutory net profit for the period	9.59	9.62	-0.4
EPS – continuing operations (cents)	24.46	23.34	+4.8
EPS – statutory (cents)	24.46	24.56	-0.4
DPS (cents)	18.0	16.5	+9.1
Franking (%)	100.0	100.0	
Return on net assets (%)	17.30	17.42	-0.7

\* Net revenue excludes print management pass through costs

# Summary Financial Position

	FY12 (\$m)	FY11 (\$m)
Cash and debtors	27.61	28.97
Inventories and work in progress	1.02	1.64
Intangibles	32.89	31.91
Debt	Nil	Nil
Equity	55.62	52.51

NTA per share (cents)	54.23	48.46
Debtor days	43	31
Working capital ratio	2.50	1.90
Capital expenditure (\$m)	1.19	2.32
Net cash flows from operating activities (\$m)	6.08	11.66

- Strong financial position with no debt.
- Capital expenditure reduced from prior period.
- Second half cash flows back to normal levels.
- Intangibles increased due to Mission Possible acquisition.



# FY12 Group Results

\$ '000 AUD	FY12	FY11	Change
Statutory revenue	88,638	57,248	+54.8%
Less: Pass through costs	(32,875)	(4,579)	+618.0%
<b>Net segment revenue</b>	<b>55,763</b>	<b>52,669</b>	<b>+5.9%</b>
Segment result	15,079	12,795	+17.9%
Margin	27.0%	24.3%	+11.1%
Joint venture income	-	972	
<b>Results from operating activities</b>	<b>15,079</b>	<b>13,767</b>	<b>+9.5%</b>
Margin	27.0%	26.1%	+3.5%
Unallocated & restructure *	(1,903)	(1,920)	-0.9%
Net interest income	655	281	+133.1%
Income tax expense	(4,245)	(2,981)	+42.4%
Discontinued operations	-	477	
Statutory profit for the year	9,586	9,623	-0.4%

\* Includes \$384K of redundancy/restructure costs in FY12 (FY11 -\$614K)

# Pre-Media Australasia

\$' 000 AUD	FY12	FY11	Change
Net segment revenue	45,951	46,083	-0.3%
Segment result	13,254	12,067	+9.8%
Margin	28.8%	26.2%	+9.9%
JV (iPrint)	-	972	
Results from operations	13,254	13,039	+1.6%
Margin	28.8%	28.3%	+1.8%
Staffing	269	281	-4.3%

- Maintained revenues despite pricing challenges.
- iPrint integrated.
- Print management fees now brought to account in revenues.
- Fixed cost base excluding acquisitions down 3%.
- Increased investment in software development.
- DSO of 42 days (Jun 12) from 31 days (Jun 11).

# Pre-Media United Kingdom

\$' 000 AUD	FY12	FY11	Change
Net segment revenue	9,812	6,586	+49.0%
Segment result	1,825	728	+150.7%
Margin	18.6%	11.1%	+67.6%
Staffing	59	45	+31.1%

- Revenue growth through increased volumes from established clients.
- Integrated Mission Possible.
- Active marketing of Knowledgewell.
- Fixed cost base excluding acquisitions down 5%.
- DSO of 48 days (Jun 12) from 39 days (Jun 11).

# Strategic and Operational Update

- Development of Knowledgewell and 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.
- Acquisition of applications developer - Dreamwalk Pty Ltd (1 July 2012).
- Offshore “Centre of Excellence” being established in Kuala Lumpur.

Creative Agency

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

wellcom

# Outlook

- Growth platform established – geographic and service expansion.
- Further investment in Knowledgewell / Canopy / Dreamwalk and staffing infrastructure.
- Global brands are now engaging us for their European and Asian fulfillment.
- UK building relationships with US based customers fulfilling into Asia and Europe.
- Australian new business – Commonwealth Bank of Australia, Tattersalls Group, Bank of Melbourne (Westpac), National Australia Bank, Jetstar, Kathmandu, Liquorland (Coles), Funtastic Furniture.
- UK new business.

# Contact Details

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## **Wayne Sidwell**

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Chief Financial Officer

# Disclaimer

The material in this presentation is a summary of the results of Wellcom Group Limited (Wellcom) as at the 22 August 2012, for the year ending 30 June 2012 together with an update on Wellcom's activities, and is current at the date of preparation, 22 August 2012. Further details are provided in the Company's half year accounts and results announcement released on 22 August 2012.

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