



Salmat Investor Briefing 2014

Thursday 24 July 2014

Welcome
Peter Mattick - Chairman



Video

Twelve months in



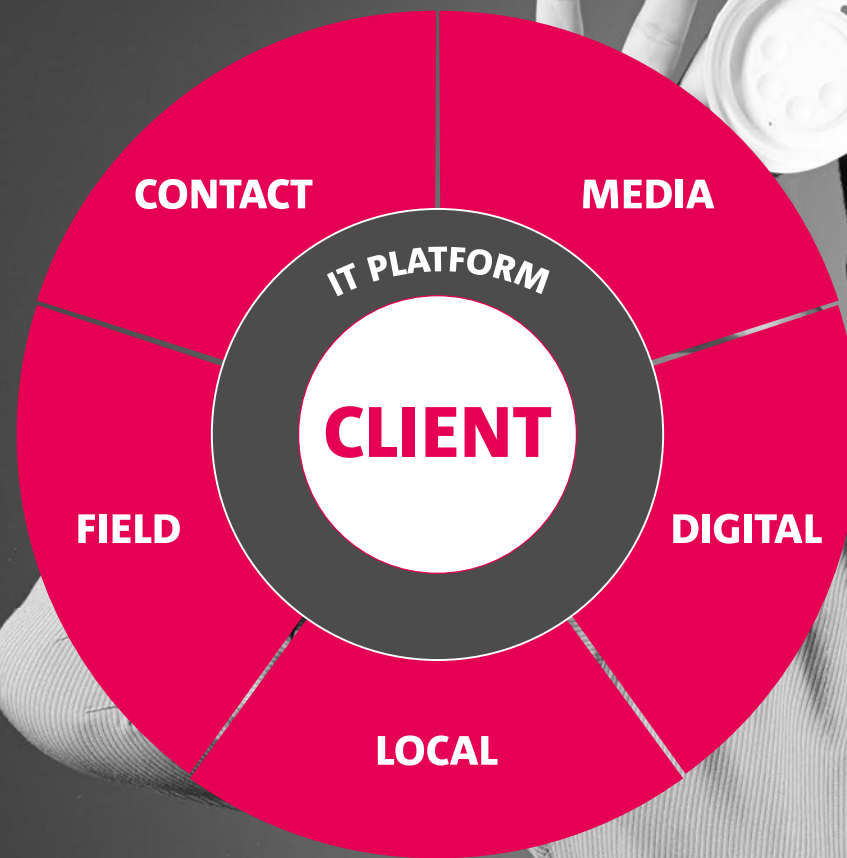
- Launched Salmat's growth strategy this time last year.
- Updating you today on our three-year journey and future direction.
- Overall: great progress during an important year.
- Introducing Salmat's new CEO, Craig Dower.

Salmat's growth objectives

Craig Dower - CEO



Agenda



We get you closer to your customers

CEO perspective

JOINED SALMAT IN MID-APRIL 2014

Background in IT, outsourcing, retail

Successfully leading high-growth businesses through major change

Why I joined Salmat?

CEO perspective

KEY IMPRESSIONS TO DATE

Solid business with great history & strong core competencies

Outstanding client base with long-term relationships

Commitment to transformation: building end-to-end scalable platforms

Uniquely placed across the entire marketing spectrum

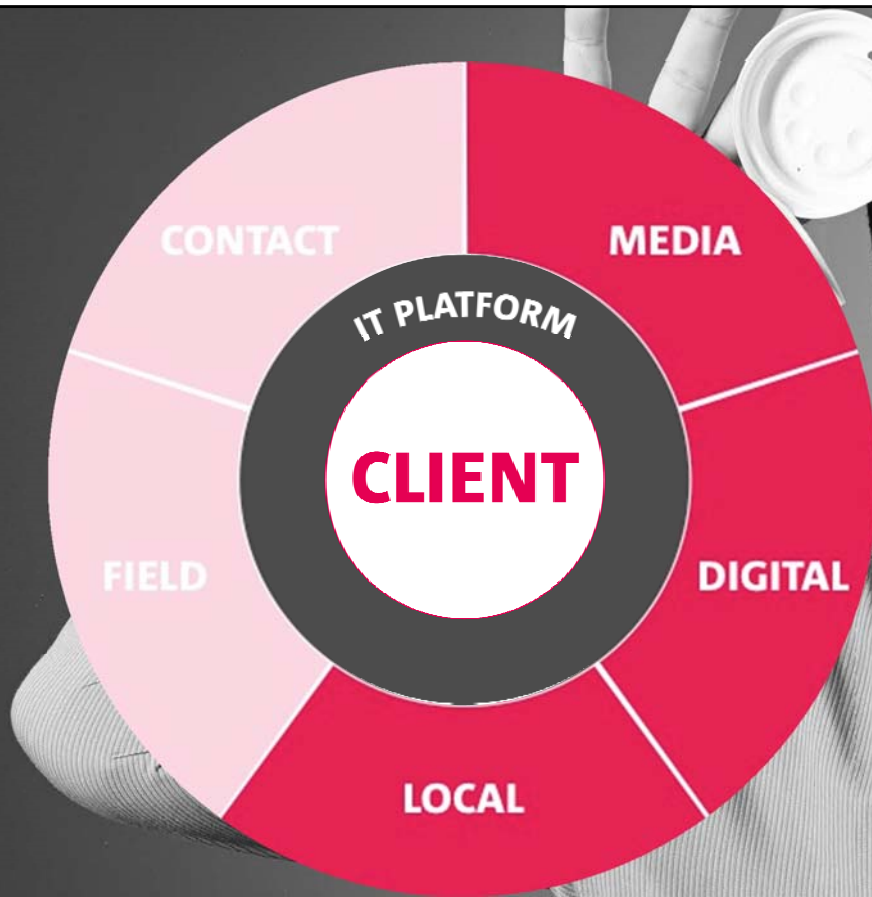
Work to do to complete the transformation, but solid progress to date

What we do, how and for whom



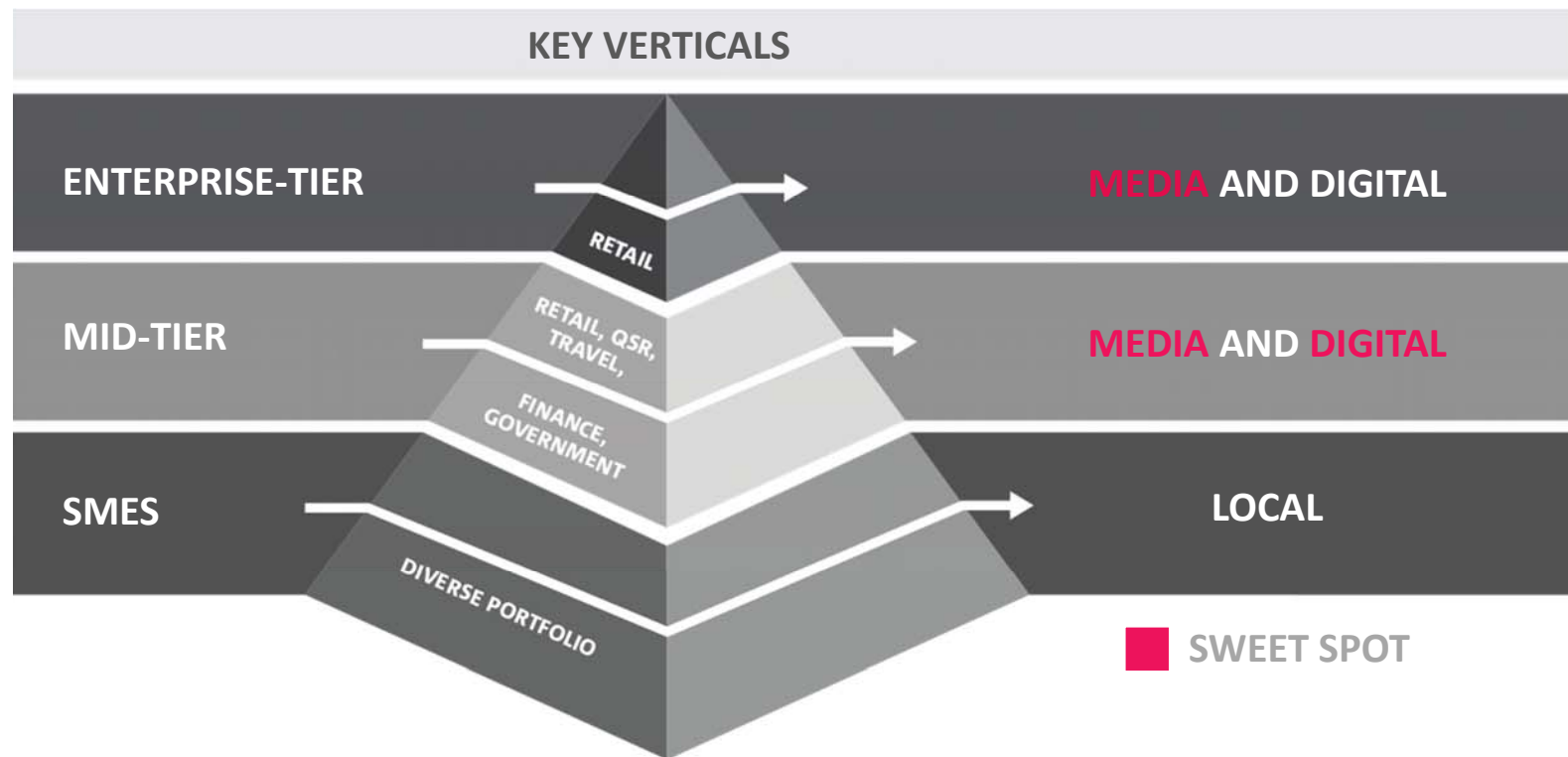
Here's how we do it

Media	Digital	Contact	Local	Field
Letterbox media and digital catalogue	Digital marketing & e-commerce solutions	Outsourced experience services and technology solutions	Local area marketing solutions	Face-to-face sales and lead generation



We get you closer to your customers

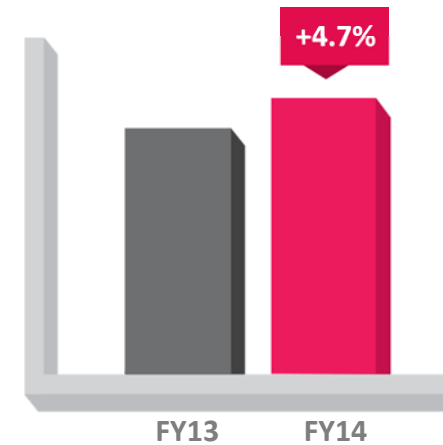
Where we play



FY14 progress - Media

LETTERBOX CHANNEL

- Core business remains resilient



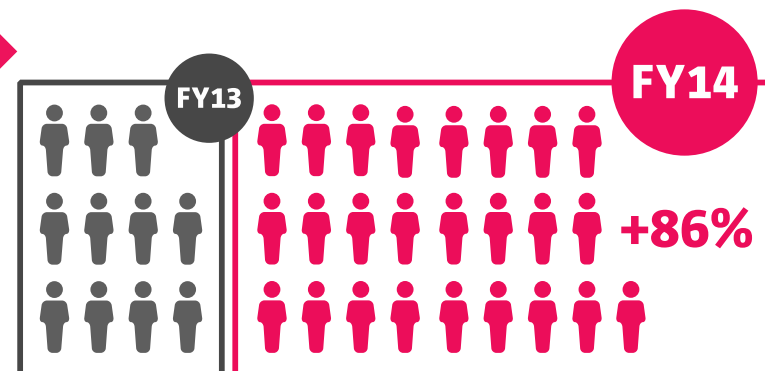
TOP 20 LETTERBOX CLIENTS'
VOLUMES

FY14 progress - Media

UNIVERSAL CATALOGUE

- Core business remains resilient
- Combining physical and digital catalogue distribution to maximise consumer reach

Number of clients that used both physical and digital catalogue services during the year



FY14 progress - Media

AGENCY – GROWING THE CHANNEL

- Core business remains resilient
- Universal catalogue – combining physical and digital catalogue distribution to maximise consumer reach
- **Securing greater share of advertising spend from other media**



RESEARCH



TRADE MARKETING



SALES TRAINING



TOOLS

Video



Digital

FY14 progress - Digital

MARKETING SERVICES & ECOMMERCE

- Netstarter acquisition – strengthened our mid tier eCommerce capability

netstarter



FY14 progress - Digital

SYSTEMS

- Netstarter acquisition – strengthened our mid tier eCommerce capability
- **Implemented new Job Management System – monitoring job & customer profitability**



FY14 progress - Digital

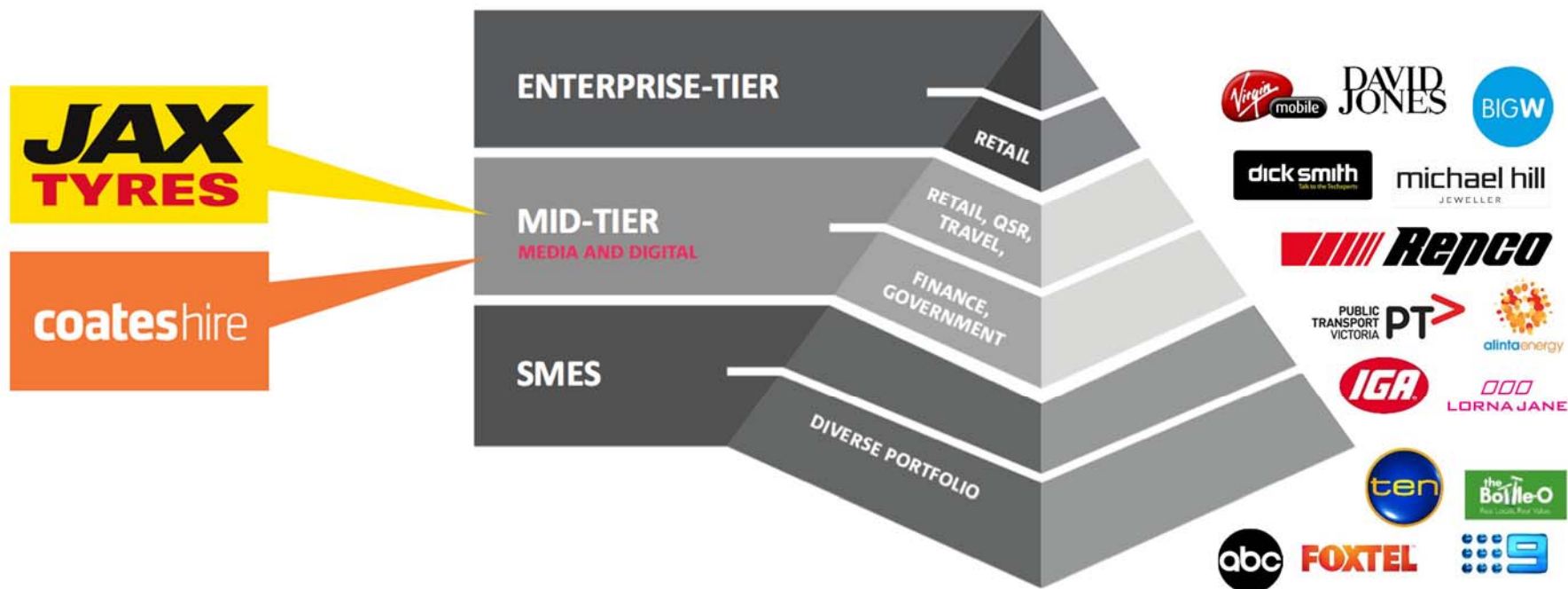
MULTI-SHORING

- Netstarter acquisition – strengthened our mid tier eCommerce capability
- Implemented new Job Management System – monitoring job & customer profitability

- **Expanded offshore capability**



Digital client success stories





2015 Growth opportunities

Growth opportunities

MEDIA – GROWING THE CHANNEL

Unaddressed Letterbox Media, as an industry, represents only approximately 0.1% of total Media Agency controlled spend

Less than 5% of Salmat Letterbox revenue is currently derived from media agencies

Solid potential for growth

\$7.5 billion*
p.a. of media spend
booked by media
agencies

*Source: SMI

FY15 strategic initiatives

MEDIA – GROWING THE CHANNEL

For growth:

Build on Media investments made in FY14
to increase Letterbox usage by Media
Agencies for their NON-RETAIL clients



FY15 strategic initiatives

MEDIA – GROWING THE CHANNEL

For growth:

Build on Media investments made in FY14 to increase Letterbox usage by Media Agencies for their NON-RETAIL clients



For margin expansion:

- **Automation**
 - Digitisation and automation of walker contracts
- **Offshoring**
 - Multi-shoring underway for support & development roles
- **Streamlining Processes**
 - Customer segmentation to align service levels to client value

Growth opportunities

DIGITAL – MARKETING SERVICES AND ECOMMERCE

- Only 53% of retailers have an online presence
- 65% of companies have indicated they are likely to increase their spend ecommerce in the next 12 months **
- Salmat currently has a multi-service engagement with less than 10% of our clients

\$15.3 Billion*

spent online in Australia for the year to April 2014

* NAB Online Retail Sales Index – July 2014

**eConsultancy Achieve Digital Excellence

FY15 strategic initiatives

DIGITAL – MARKETING SERVICES AND ECOMMERCE

For growth:

- Customer Centricity – significant opportunity to cross-sell to Salmat's existing Media clients
- Customer up-sell – convert single service digital customers into multi-service digital customers

FY15 strategic initiatives

DIGITAL – MARKETING SERVICES AND ECOMMERCE

For growth:

- Customer Centricity – significant opportunity to cross-sell to Salmat's existing Media clients
- Customer up-sell – convert single service digital customers into multi-service digital customers

For margin expansion:

- Leveraging ability to analyse job and client profitability via new Job Management System
- Expanding successful right-shoring strategy beyond service delivery to scale existing support and development teams

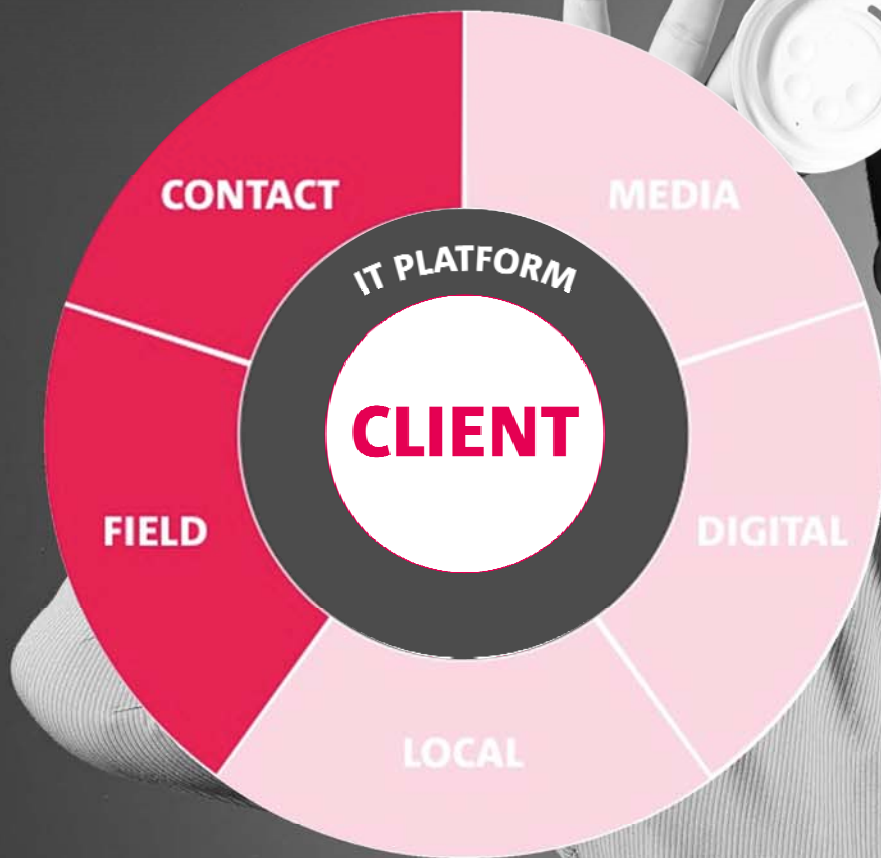
Media and Digital summary

Core Letterbox business
remains resilient plus
we have a growth path

Strategic acquisition
completed to strengthen
Digital sweet spot

Unique opportunity to
drive growth of Media
& Digital across all tiers

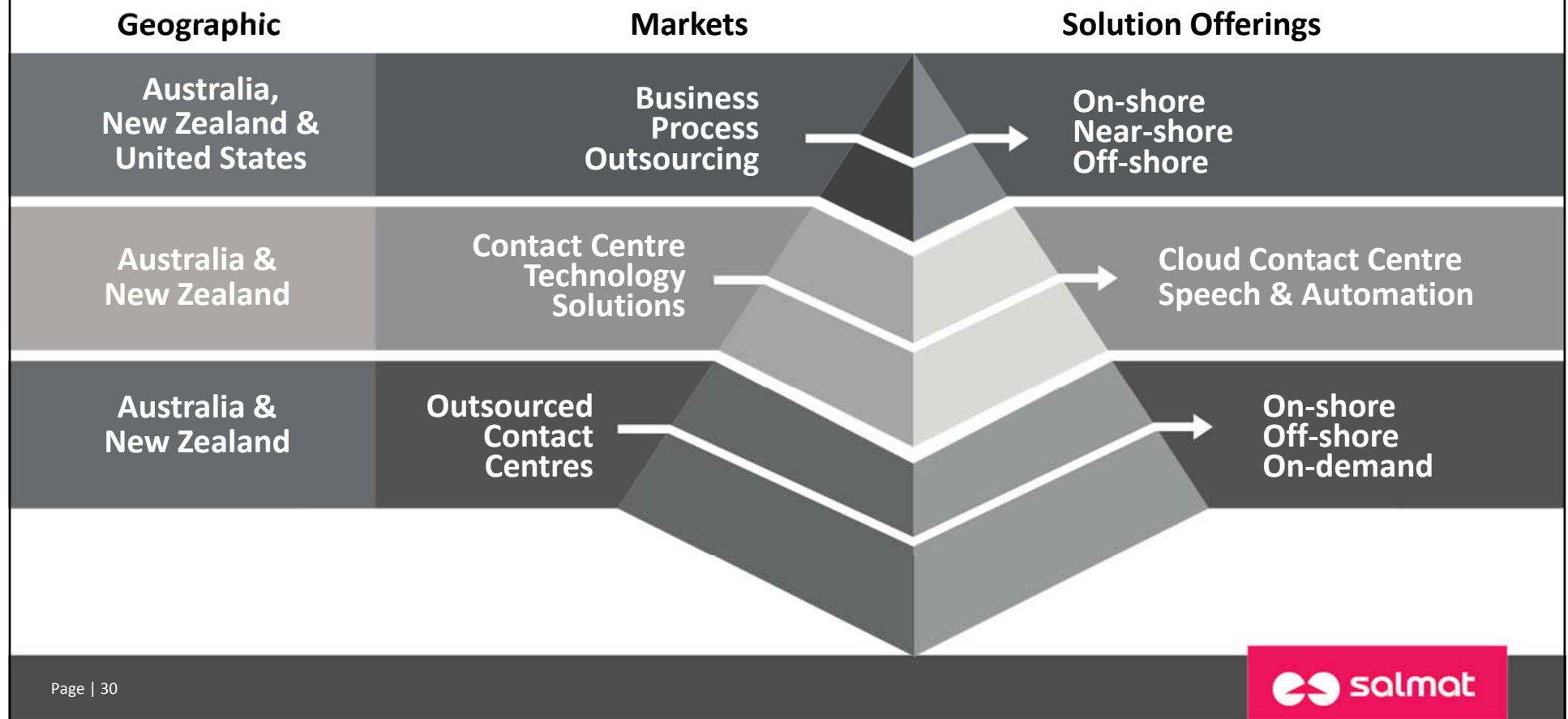
Optimisation & efficiency
initiatives continue to
improve margins



We get you closer to your customers



Where we play



What is Reach?

Advanced suite of contact centre applications deployed as-a-service in the cloud

Enables multi-channel communication with a single view of all customer interactions

Accessible from virtually any location; on Salmat sites onshore and offshore, on our client's premises and at home



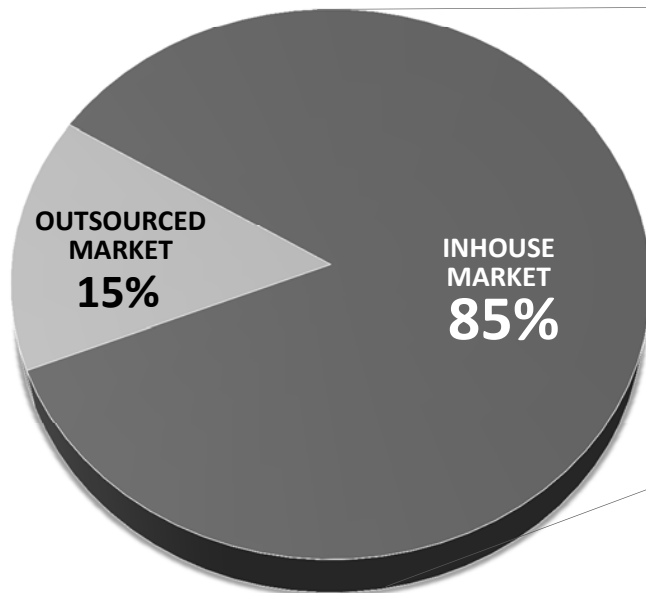
Video



2015 Growth opportunities

Growth opportunities

CONTACT CENTRE MARKET
3.7 % GROWTH RATE



BPO MARKET
26% GROWTH RATE (PHILIPPINES)



Source: BPAP 2013

State of play

FY13

\$30 million closed won TCV from new clients deployed on Reach

Complete Contact Centre migrations to Reach platform by June, 2014

Committed to open up new revenue streams

FY14

\$103 million closed won TCV from new clients deployed on Salmat Reach

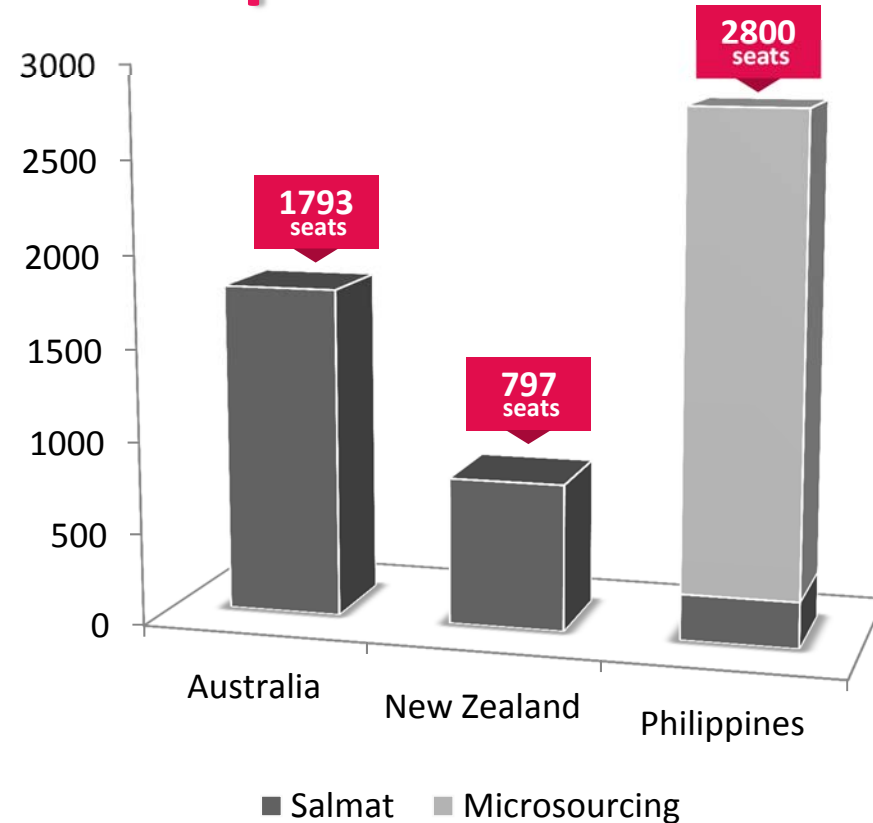
Complete Contact Centre migrations to Reach platform, due end Q1, 2015

On-demand centres
Acquired BPO provider
Entered cloud contact centre market

What's happened since last update?

We've scaled our business and doubled our capacity through acquisition (5000 seats across 3 countries)

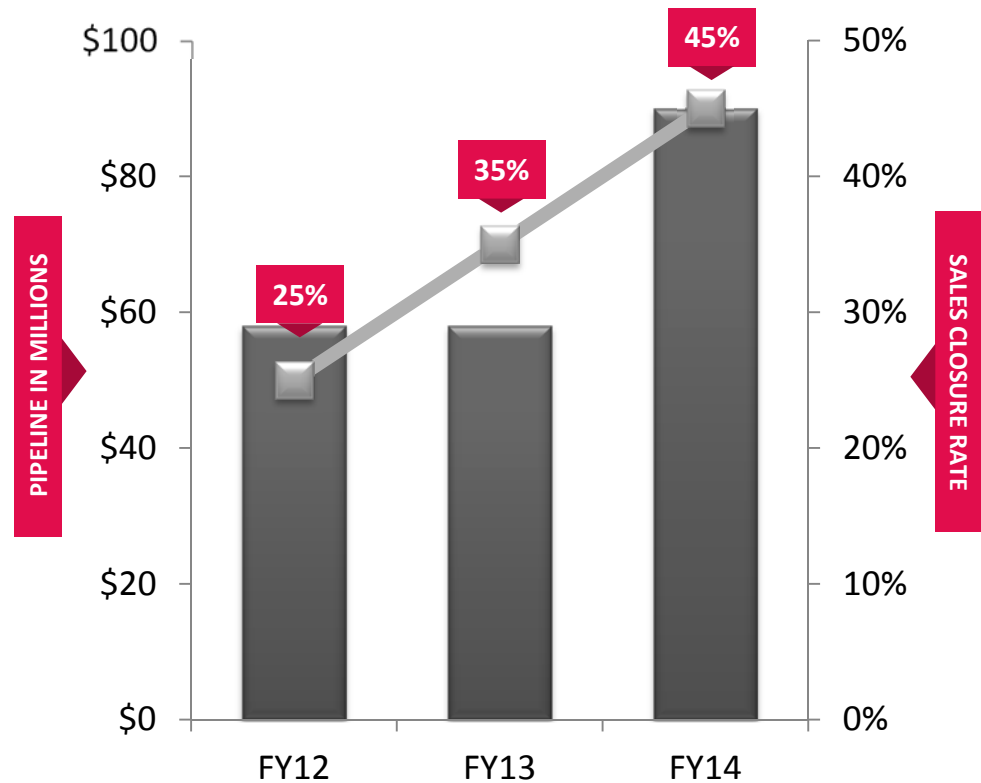
Acquired MicroSourcing, Philippines based BPO, delivering front and back office services



What's happened since last update?

Implementation of sales and marketing improvement program

\$103 million closed won total contract value on Salmat Reach



Gross margin improvement

Commenced our gross margin improvement program

Rightshoring using our own facilities

Projected savings of \$3.5 million in FY15





Strategic pathways

Major investments to shore up future revenue & meet future market demand

Major shift from a single product offering 12 months ago

Optimise our cost base to ensure we have a sustainable business

Over-arching strategy is to build double digit revenue growth



We get you closer to your customers



Salmat's services are increasingly IT-based

At the end of 2012, the majority of Salmat's revenue came from the creation of bank statements and utility invoices, and the delivery of print catalogues.

Today, we are increasingly in the business of delivering IT-enabled services, mostly in the marketing space:

- Reach: inbound & outbound contact centre
- Media
- Digital and eCommerce

Over the past 12 months, we have...

Contracted with Fujitsu for hosting services

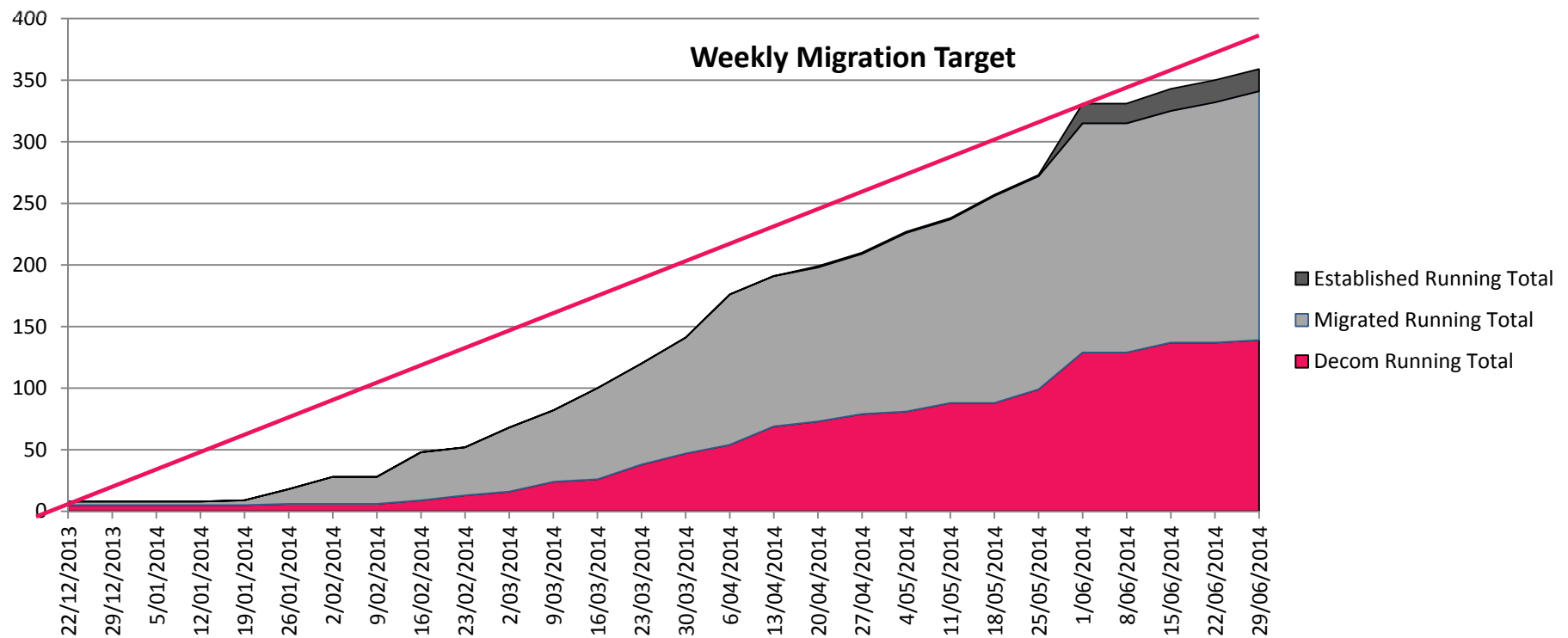
Invested in hardware and software

Relocated all our systems to Fujitsu (excluding common links and Reach)

Constructed a new, resilient network around Fujitsu's data centres

Built a new Group IT leadership team

Server migration progress



What are we going to do next?

We are...

Building an end-to-end service delivery chain

Developing 'high availability' or 'low cost' services

Managing suppliers for high quality, low cost services

Going to 'run the machine'

A blurred silhouette of a person walking past a large black arrow pointing left on a white wall.

Financial perspective

Yvonne Barnikel – acting CFO

Financial position

Cash positive

Strong operating cash flows

Incentive-based approach to acquisitions

Incoming CFO

Where to from here?

Craig Dower - CEO



Next steps: execution, execution, execution



- Platform industrialisation
- Profitable revenue growth
- Customer offer
- Invest in our people
- Operational excellence

Video



Questions



Please join us for lunch and a chat with the team



Appendix

FY15 company priorities

Platform Industrialisation

Build world-class differentiated technology platforms that allow us to deliver unique value to our customers

- Complete first phase of IT transformation (Reach and Reboot projects)
- Align all IT resources around service management and delivery
- Define further core IT refresh projects and platform developments

Profitable Revenue Growth

Grow profitably through focused management of our chosen market segments, services and resources

- Implement Customer Centricity operating model (segments, territories, accounts, tiered sales approach)
- Measure and manage client and job profitability
- Drive integrated view of customer and sales reporting (through Salesforce and TAS)

Invest in our People

Develop our people so that they are able to grow, lead and succeed within an innovative, values-based work environment

- Define and embed Salmat culture, values and behaviours
- Upgrade learning and development framework, refresh content, build roadmap
- Extend Diversity and Inclusion program

Customer Offering

Be clear and specific in what we sell, and build a product life-cycle roadmap across all of our products and services

- Build product and service catalog
- Complete brand refresh
- Build targeted marketing capabilities

Operational Excellence

Drive continual improvement into everything that we do

- Drive excellence in all aspects of our customer experience
- Accelerate our multi-shoring capability
- Standardise delivery tools, methods and processes

Disclaimer

Company announcements and presentations can contain forward-looking statements. Words such as “believe”, “anticipate”, “plan”, “expect”, “intend”, “target”, “estimate”, “project”, “predict”, “forecast”, “guideline”, “should”, “aim” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include but are not limited to: competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with, and possible changes in, environmental and health and safety laws; dependence on cyclical markets; the supply and cost of materials; exposure to environmental or other legal proceedings; and risks of conducting business internationally. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.