

# Wellcom Group Limited

## 2006 Annual Results Presentation



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## Welcome & Chairman's Report

### Welcome

- 1 Strong 2006 in line with our expectations
- 2 Strong focus on strategic direction
- 3 Sustainable major client contract renewals
- 4 Organic growth from existing client base
- 5 Significant new business growth
- 6 Synergistic acquisitions and new ventures
- 7 Leading edge technology
- 8 Offshore growth ambitions
- 9 Strong outlook for 2007

## Financial Summary

- 1 **Revenue**  
Up 11.2% to \$33.96 million
- 2 **E.B.I.T**  
Up 27% to \$7.35 million
- 3 **N.P.A.T**  
Up 40% to \$5.53 million

# Financials

	2006	2005*
Sales	33.96	30.55
EBITDA	9.94	9.48
EBITDA [%]	29%	31%
Depreciation amortisation	2.58	3.67
EBIT	7.35	5.81
EBIT [%]	22%	19%
Interest [net]	0.17	(.07)
Net profit before tax	7.52	5.74
Income tax	1.99	1.79
NPAT	5.53	3.95
NPAT [%]	16%	13%

\* Wellcom trading as a private company

## Financials

### Revenue

11.2% increase in revenues over previous year

- Sound organic growth
- Effects of new business

## Financials

### E.B.I.T.D.A

5% improvement over previous year primarily as a result of:

- Strong margin of 29%
- Sales labour reduced by 15%
- Improved production labour utilisation, particularly in relation to new business
- Marginal reductions on other production costs including proofing materials and digital send rates

Financials

E.B.I.T

27% improvement over prior year

- Net depreciation and amortisation charges reduced by 30% during the year

Financials

N.P.A.T

40% increase over prior year

- Net interest received position due to decreasing debt levels throughout the year together with returns from excess float funds invested favourably
- Effective income tax rate reduced by 5% as a result of tax effect under AIFRS

## Financial Highlights - P&L

- **EPS**

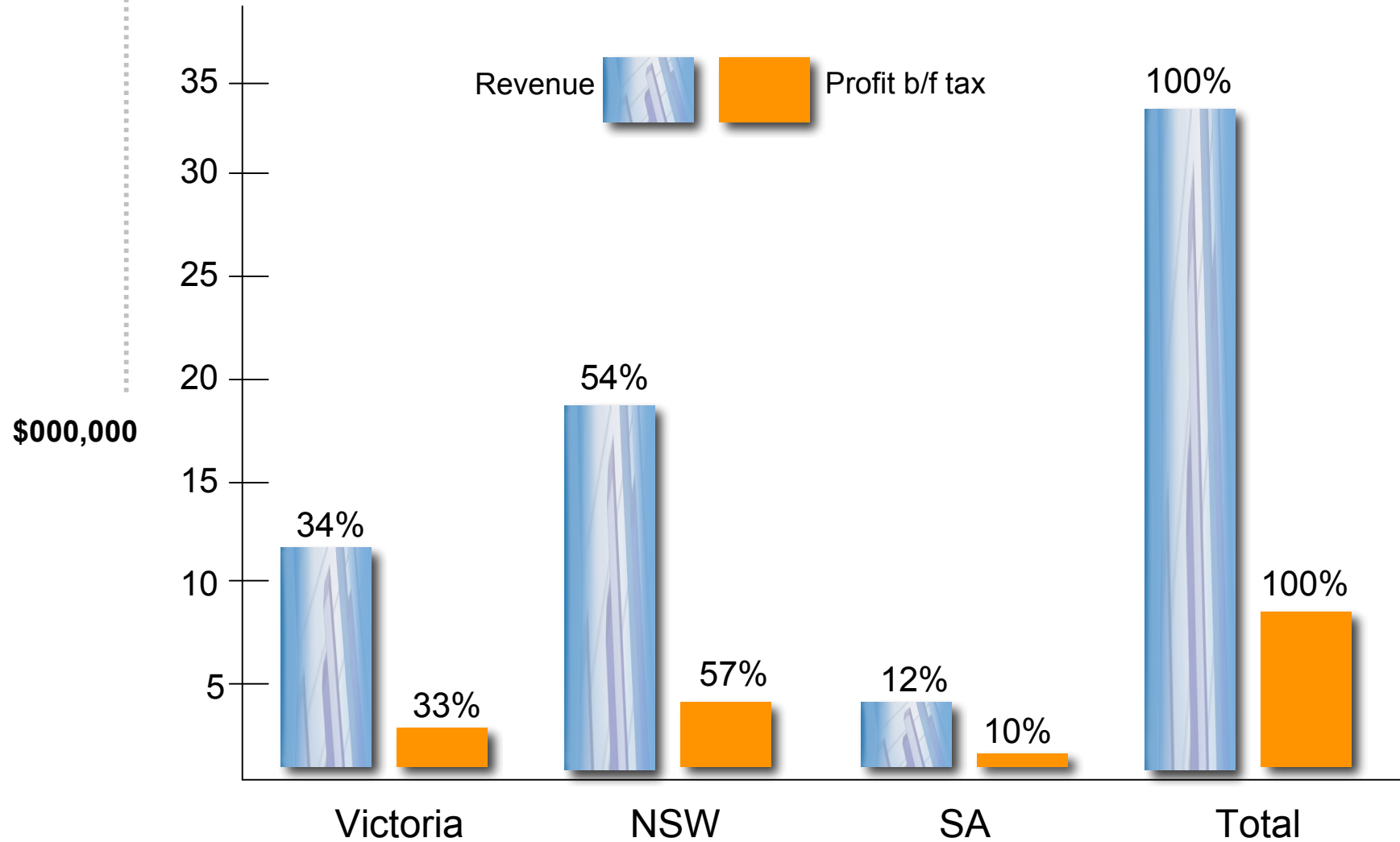
14.415 cents per share

- **DPS**

Full year dividend 10 cents per share

- Interim unfranked dividend of 5 cents
- Final fully franked dividend of 5 cents
- Future dividend payments to be fully franked
- Payout ratio of 71%

## Financials Segment (Geographic) Reporting 2006



wellcom

## Financial Highlights - Cash Flow & Balance Sheet

### 1 Operating Cash Flow

\$3.78 million

- Strong second half performance
- Funding of receivables in opening half

### 2 Capital Expenditure

\$2.05 million

- In line with depreciation
- \$1.9 million expected in 2007

### 3 Balance Sheet

- Ungeared (net cash of \$6.5 million)
- Working capital ratio 2.23:1

## The Business - 2006 Highlights

### 1 Growth

Steady growth from direct business in the corporate and retail sectors

### 2 Managing trends

Advertising agencies have shown a tightening in spend, but this is offset by strong results in direct business sales

### 3 New clients

New contracts in 2006 are recognition of Wellcom's industry leading offering

## The Business - 2006 Highlights

### 4 New Melbourne Facility

State of the art facility in Melbourne has offered greater business flexibility:

- Expanded digital photography capability
- New digital printing facility

### 5 2007 strategies in place

2006 has laid the foundation for new business development for 2007 and beyond

## The Business - 2006 Highlights

### 6 Major new business includes:

- **Dick Smith Electronics**  
Total pre media service
- **API [Priceline]**  
Total facilities management (TFMs)
- **Pacbrands**  
2006 trial period  
- now committed for 2007 TFM services
- **Transurban**  
2006 trial period  
- now committed for 2007 pre media and full print management services

## The Business - 2006 Highlights

### 7 Re-contracted major business includes:

- **Woolworths**  
Total facilities management
- **David Jones**  
Digital photography service
- **Harris Scarfe**  
Digital photography and pre media service
- **Toys R Us**  
Digital photography and pre media services

## The Business - 2006 Highlights

- 8 Existing client sustainability  
Maintained through contract renewals
- 9 New business  
Growth realised and contracted
- 10 New business plan  
Growth plan implemented
- 11 Result  
A strong 2006 result

## The Business - 2007 Strategies

### 1 Expansion

TV production and data streaming

### 2 Offshore markets

Asia remains a priority focus and discussion continues with possible offshore partners

### 3 Facilities Management offering

This remains our most powerful service offering to the corporate, retail and advertising sectors

## The Business - 2007 Strategies

### 4 Extending the current business model

#### Digital print business

- fastest growing print service offering
- takes Wellcom into lucrative database merge and customisation print business

#### Complementary new business acquisition

- strategic move increases Wellcom turnkey print offering with high value CTP business

## The Business - 2007 Positioning

### 1 Market growth

Still a large untapped market

### 2 Competitive advantage

Wellcom's advantage is [and continues to be] our extensive list of products and services

### 3 Focus

Our focus is fixed

- We leverage from our technologies and create smarter business solutions and competitive pricing
- We now take this further into new markets

## The Business - 2007 Positioning

### 4 Technology

Market dominance will continue through technology and end to end tailored solutions

### 5 Expansion

- Break into further national and international markets
- Expand products and service offerings

## Summary 2006

- 1 Expanded existing client sustainability
- 2 Maintained profit margins
- 3 Solid new business growth and substantial organic growth
- 4 New building offering greater business flexibility and new service offerings in the Melbourne marketplace
- 5 A strong 2006, a very solid foundation for 2007

## Contacts

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