

Wellcom Group Limited

Results

23 February 2007



1H07

wellcom

Highlights

- Sound opening half – in line with expectations
- Strong top line momentum – organic and acquisitive
- EBITDA impacted by upfront costs associated with new business
- Further success with total facilities management (TFM) concept – Westpac contract
- Three acquisitions completed during half
- Strong financial position from which to pursue growth
- On track for full year EBITDA growth of 10-15%

Key Results

	1H07	1H06	Change
	\$m	\$m	%
Revenue	20.17	17.51	+15.2
EBITDA	5.98	6.03	-0.9
EBIT	4.45	4.80	-7.3
Net Profit After Tax	3.40	3.39	+0.2
	¢	¢	
EPS	8.68	8.66	+0.2
DPS	5.00	5.00	
Franking	100%	0%	

Strategy

- Targeting growth in direct corporate and retail sectors
- Committed to leading edge technology
- Expansion of product and service offer into complementary areas
- Leverage and growth of blue chip customer base
- Pursuit of complementary acquisitions
- Offshore markets

Blue Chip Client Base

DAVID JONES

'The Fresh Food People'
WOOLWORTHS



PACIFIC B BRANDS



hs Harris Scarfe

'yes'
OPTUS

Cadbury Schweppes



L'ORÉAL
PARIS

transurban

Westpac

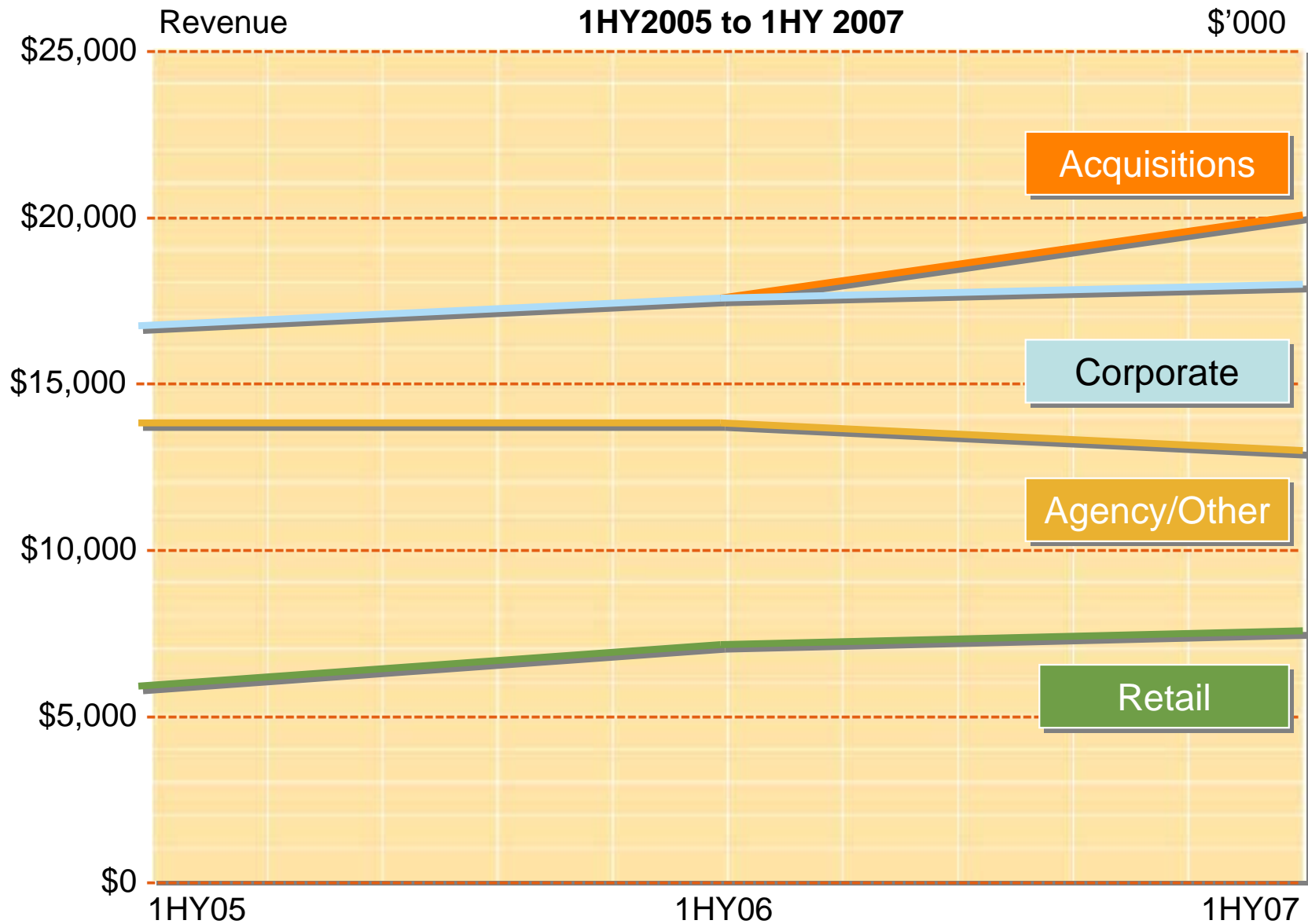
MITRE 10

well:com

Market Conditions and Trends

- Positive retail climate – further growth in catalogue volumes
- Corporate market presents significant opportunity – trend towards in-house marketing
- Soft advertising market – notably in Victoria
- Wellcom's strategy reflects these trends

Revenue Composition



Products and Services

- Total facilities management (TFM) service concept gaining further acceptance
- Printwell Systems – digital print and data merge technologies targeting local area marketing and customised print
- Knowledgewell Plus – further enhancement, including custom marketing concept aimed at all retailers
- Streaming data – new service for retailers offering streamed video content

New Business

- Westpac – TFM contract, managing Kent Street hub for design, digital asset management and pre-media services
- Suncorp – digital services
- Danks Home Hardware – digital asset management services
- Australia Post – iPrint (50%-owned), further 5-year contract for print management and digital asset management services
- Dick Smith and API – television commercial production (Wellcom Moving Images)

Pacific Brands Update

- TFM agreement concluded following trial period
- Progressively rolled out across five hub locations in two States
- Managing in excess of 50 brands
- Net set-up cost of \$0.5m (pre-tax) incurred
- Profitable trading expected to commence in 2H07
- A long term revenue and profit contributor

Acquisitions

- Synergistic acquisition strategy
 - Complementary business areas
 - Cross-selling opportunities into existing client base
- Three acquisitions concluded in the half
 - Digital House (September 2006) – premium computer to plate (CTP) offering, early cross-sell success (iPrint)
 - Image Studios (November 2006) – establishes presence in Brisbane market
 - Cadillac Printing (50%) (December 2006) – niche web printer

Detailed Results

	1H07	1H06	Change
	\$m	\$m	%
Revenue	20.17	17.51	+15.2
EBITDA (incl. iPrint)	5.98	6.03	-0.9
<i>EBITDA Margin</i>	<i>30%</i>	<i>34%</i>	
Depreciation & Amortisation	(1.53)	(1.23)	+24.0
EBIT	4.45	4.80	-7.3
<i>EBIT Margin</i>	<i>22%</i>	<i>27%</i>	
Net Interest	0.04	0.06	-22.0
Net Profit Before Tax	4.49	4.86	-7.5
Taxation / Minority	(1.09)	(1.47)	-25.4
Net Profit After Tax	3.40	3.39	+0.2

Results Features

- Revenue growth driven by acquisitions and commencement of Pacific Brands TFM contract
- Sound organic growth in direct retail and corporate sales offset by effect of soft advertising market
- Margins reflect Pacific Brands net set-up costs (\$0.5m pre-tax) and evolving business mix
- Near 30% increase in equity-accounted contribution from iPrint, to \$0.48m
- Effective tax rate of 25% - consistent with FY06

Key Ratios

	1H07	1H06	Change
	¢	¢	%
EPS	8.68	8.66	+0.2
EPS (excl. amortisation)	9.60	9.76	-1.7
DPS	5.00	5.00	-
	%	%	
Dividend Payout Ratio	57.6	57.7	
Franking	100	0	

Strong Financial Position

	1H07	1H06	Change
	\$m	\$m	%
Operating Cash Flow	2.81	(0.26)	
Capital Expenditure	1.26	0.78	+61.4
Acquisitions	5.43	-	
Net Debt / (Cash)	6.17	(5.72)	
Gearing (Net Debt:Equity) (%)	13.7	(13.7)	
NTA Per Share (¢)	42.50	41.25	+3.0

Outlook

- On track to achieve full year EBITDA growth of 10-15%, sourced from:
 - Organic growth from existing customers
 - Recent and new contractual gains
 - Input from acquisitions
- Seasonally weaker second half, but will benefit from:
 - Full six months contribution from recent acquisitions
 - Growing contribution from Pacific Brands TFM
- Strong platform for long term growth

Summary

- Sound start to the year
- Strategy is delivering strong top line growth, from both organic and acquisitive sources
- New business offerings and contract gains
- Active acquisition programme augmenting overall offering and presenting cross-sell opportunities
- Strong financial position from which to pursue growth
- On track for full year EBITDA growth of 10-15%

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