SATISFACTORY FIRST HALF AND CAUTIOUSLY OPTIMISTIC OF DELIVERING ON EPS GROWTH FORECAST

19 FEBRUARY 2009

Wellcom Group Limited (Wellcom) (ASX: WLL), a leading provider of pre-media, webprint and digital asset management services in Australasia and the United Kingdom, primarily to corporations and retailers, today announced its results for the half year ended 31 December 2008.

	1H09 $m	1H08 $m	Change
Revenue	42.76	39.87	+7%
EBIT	7.11	7.41	-4%
Net Profit After Tax	4.46	4.73	-6%
	¢	¢	
Earnings Per Share	11.4	12.1	-6%
Earnings Per Share (excl. Amort.)	11.6	12.8	-9%
Dividend Per Share	6.0	6.0	-
Franking (%)	100	100	

“Given the current conditions we are satisfied to report a result which, whilst slightly below the prior year, is within our range of initial expectations and still positions us to achieve EPS growth of around 10% for the full year,” said Mr Wayne Sidwell, Executive Chairman and Chief Executive Officer of Wellcom. “Organic sales growth of 5% in Australasia pre-media and web print was driven by an increase in managed hub revenues from 45% to 60%, and an 8% increase in web print sales. Non-contracted revenues in sheetfed and pre-media (Australia & UK) deteriorated in the half which detracted from the result.

“We have continued our digital content development and breadth of service offerings to our corporate and retail clients. The continuing ability to up-sell and cross-sell Group services has increased the quality of our revenue base and relationship with our clients.”

“With over twenty five hubs now in operation, our total facilities management (TFM) service concept continues to provide our corporate and retail customers with the means to control their own digital assets and reduce production lead times, bringing savings in time, resources and costs."

"This has been a half of consolidation for Wellcom. We are carrying momentum into the second half of the financial year which will provide the foundation for our growth forecast in FY09 at the EPS line," Mr Sidwell concluded.

OPERATING PERFORMANCE

Wellcom recorded revenue growth of over 7% to $42.76 million for the half year to 31 December 2008, including organic growth of 5% in Australasia and sales advances in all States except Queensland. This result reflects organic revenue growth from TFM facilities in the corporate and retail sectors and an 8% increase from Cadillac Printing. Keene Repro revenue growth of 30% was less than expected given inclusion for six months compared to three months for the prior corresponding period.

Underlying gross margins have been maintained, notwithstanding overall margins being adversely impacted by lower revenues from pre-media at Keenes and sheetfed print from the Queensland operations.

iPrint, the 50%-owned print management joint venture with Australia Post, has maintained revenue and contributed $0.58 (2007: $0.67) million of equity-accounted earnings. Margins have reduced slightly in the current environment. iPrint has benefited from the steady volumes from its major customers in the half, but expects reduced volumes in the second half.

Total EBIT for the half decreased by 4% to $7.1 million, reflecting the lower revenues in Brisbane and the UK.

The full year effective tax rate of 30% is in line with the prior comparable period.

CASH FLOW AND BALANCE SHEET

The company has registered an improvement in net operational cash flow to $4.52 million which represents a 4% increase over the prior corresponding period. Over the course of the half Wellcom's net debt position decreased from $6.98 million to $6.04 million (2007: $10.65 million). Gearing (net debt:equity) reduced to 12.2% (2007: 22.5%) which provides the ability to pursue any appropriate opportunities that may arise.

DIVIDEND

The Directors have declared a fully franked interim dividend of 6 cents per share. The record date for determining entitlements to the interim dividend is 20 March 2009, and payment will occur on 9 April 2009.

OUTLOOK

Wellcom is expecting full year EPS growth of around 10%. Ongoing organic growth from existing customers, contributions from recent contractual gains, improved performance from Cadillac Printing and the benefit of the restructuring at Keenes will contribute to the result. Notwithstanding the above, Wellcom considers the current conditions to be challenging.

Wellcom continues to examine complementary acquisitions. The business is mindful of the current market conditions and will only enter into arrangements that reflect the risks associated with these conditions.

We continue to build a strong base from which to deliver increased shareholder returns over the longer term.

For further information contact:

Wayne Sidwell
Executive Chairman and CEO
Wellcom Group Limited
(03) 9946 8000