

The
WELLCOM
GROUP
LIMITED

Results
FY2010

HIGHLIGHTS

- Revenue up 3% to \$80.85m.
- Increased operating margins.
- Net Profit up 14% to \$7.66m.
- Full service TFM (hubs) offer grows to 70% Australasia pre-media (up from 60% FY09).
- UK pre-media improved operating performance in the second half.
- Asian bases established in Singapore and Malaysia.
- IPrint JV contribution increased.
- No net debt.
- Dividend payout ratio increased to 72%.
- Proposed divestment of Cadillac Printing.

KEY RESULTS

	FY10 \$m	FY09 \$m	CHANGE %
Revenue	80.85	78.53	+3.0
EBITDA	14.30	13.49	+6.0
EBIT	10.98	10.25	+7.1
Net Profit After Tax	7.66	6.70	+14.3
EPS	19.55	17.09	+14.3
DPS	14.00	12.00	+16.7
Dividend Payout Ratio (%)	71.60	70.20	
Franking (%)	100.00	100.00	
Return on Net Assets (%)	14.98	13.67	

FINANCIAL POSITION

	FY10 \$m	FY09 \$m	CHANGE %
Operating Cash Flow	11.06	7.70	+43.6
Capital Expenditure	3.82	1.33	+187.2
Net Debt	0.17	4.76	-96.4
Gearing (Net Debt:Equity) [%]	0.3	9.7	
Interest Cover [x]	19.6	12.4	
NTA Per Share (¢)	50.75	43.55	

STRATEGIC AND OPERATIONAL UPDATE



- Appointment of Amanda Brook as CEO.
- Year of restructure, consolidation and solid organic growth.
- Strategic review identified further opportunities in current geographic locations.
- Client facing teams strengthened to deepen local customer relationships.
- Further investment in software development to continue product leadership in response to client demand.
- New and complimentary capabilities and product service segments identified for investment.
- Consolidate Asian base to meet market demand for our software and services.

MARKET CONDITIONS & TRENDS

- Market solid in Australia, modest growth.
- Continued unbundling of marketing services by clients
- Client focus on business efficiencies is driving increased tender activity and interest in additional software solutions.
- Non-contracted work has not returned to previous levels.
- UK Market holding but no signs of significant growth.
- Asian base has already provided leads into several major corporations and advertising agencies.



NEW BUSINESS

Won

- Qantas Holidays (Jetset Travelworld Group).
- Coles Group.
- St. George Bank.
- Bank of South Australia.
- Courts Singapore.
- Courts Kuala Lumpur (Aug '10).
- Liquor Marketing Group.

Prospective

- Currently tendering for pre-media services with a number of corporations
- Strong client requests for software development
- Positive interest from advertising agencies in Singapore

DETAILED RESULTS

	FY10 \$m	FY09 \$m	CHANGE %
Revenue	80.85	78.53	+3.0
EBITDA	14.30	13.49	+6.0
<i>EBITDA Margin</i>	17.7%	17.2%	
Depreciation & Amortisation	3.32	3.24	+2.5
EBIT	10.98	10.25	+7.1
<i>EBIT Margin</i>	13.6%	13.1%	
Net Interest	0.56	0.81	
Net Profit Before Tax	10.42	9.44	+10.4
Taxation / Minority	2.76	2.74	
Net Profit After Tax	7.66	6.70	+14.3

FY10 BUSINESS ANALYSIS BY REGION

	Pre Media A/Asia		Pre Media UK		Web Printing		Group Result	
	FY10	FY09	FY10	FY09	FY10	FY09	FY10	FY09
Segment Revenues	49,785	48,010	6,496	8,528	27,225	24,136	80,846	78,531
Segment Trading Result	12,156	10,935	(584)	(624)	538	867	12,014	11,082
Margin	24.4%	22.8%	(9.0)%	(7.3)%	2.0%	3.6%	14.9%	14.1%
Joint Venture Income	1,011	938					1,011	938
Results from Operating Activities	13,167	11,873	(584)	(624)	538	867	13,025	12,020
Margin	26.4%	24.7%	(9.0)%	(7.3)%	2.0%	3.6%	16.1%	15.3%
Unallocated & Restructure*							(2,042)	(1,769)
Net Interest Costs							(560)	(815)
Income Tax Expense							(2,761)	(2,614)
Minority Interests							(1)	(125)
Net Profit							7,661	6,697

*Restructure costs \$513k before tax in FY10 (FY09: \$365k)

2H10 BUSINESS ANALYSIS BY REGION

	Pre Media A/Asia		Pre Media UK		Web Printing		Group Result	
	2H10	2H09	2H10	2H09	2H10	2H09	2H10	2H09
Segment Revenues	23,106	22,420	3,155	3,479	11,751	10,819	36,957	35,770
Segment Trading Result	5,606	4,926	(169)	(1,110)	27	(2)	5,403	3,793
Margin	24.3%	22.0%	(5.4)%	(31.9)%	0.2%	0.0%	14.6%	10.6%
Joint Venture Income	446	356					446	356
Results from Operating Activities	6,052	5,282	(169)	(1,110)	27	(2)	5,849	4,149
Margin	26.2%	23.6%	(5.4)%	(31.9)%	0.2%	0.0%	15.8%	11.6%
Unallocated & Restructure*							(1,204)	(1,016)
Net Interest Costs							(248)	(361)
Income Tax Expense							(1,172)	(613)
Minority Interests							96	83
Net Profit							3,321	2,242

*Restructure costs \$357k before tax in 2H10 (2H09: \$365k)

1H10 BUSINESS ANALYSIS BY REGION

	Pre Media A/Asia		Pre Media UK		Web Printing		Group Result	
	1H10	1H09	1H10	1H09	1H10	1H09	1H10	1H09
Segment Revenues	26,679	25,590	3,341	5,049	15,474	13,317	43,889	42,761
Segment Trading Result	6,550	6,009	(415)	486	511	869	6,611	7,289
Margin	24.6%	23.5%	(12.4)%	9.6%	3.3%	6.5%	15.1%	17.0%
Joint Venture Income	565	582					565	582
Results from Operating Activities	7,115	6,591	(415)	486	511	869	7,176	7,871
Margin	26.7%	25.8%	(12.4)%	9.6%	3.3%	6.5%	16.4%	18.4%
Unallocated							(838)	(753)
Net Interest Costs							(312)	(454)
Income Tax Expense							(1,589)	(2,001)
Minority Interests							(97)	(208)
Net Profit							4,340	4,455

*Restructure costs \$156k before tax in 1H10 (1H09: Nil)

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PRE-MEDIA – AUSTRALASIA

	FY10 \$m	FY09 \$m	Change %	
Revenue	49,785	48,010	+3.7	<ul style="list-style-type: none"> • Organic sales growth of 4%. • Knowledgewell sales growing. • JV contribution growth of 8%. • DSO from 50 days (June 09) to 48 days (June 10)
Segment Result	12,156	10,935	+11.2	
Margin %	24.4	22.8		
JV (iPrint)	1,011	938	+7.8	
Result from Operations	13,167	11,873	+10.9	
Margin %	26.5	24.7		
Staffing	244	234	+4.3	

PRE-MEDIA – UNITED KINGDOM

	FY10 \$m	FY09 \$m	Change %	
Revenue	6,496	8,528	-23.8	<ul style="list-style-type: none"> • Volumes down 24% on prior year • New experienced Business Development team employed. • Knowledgewell now actively marketed. • DSO from 46 days (June 09) to 55 days (June 10)
Segment Result	(584)	(624)	+6.4	
Margin %	(9.0)	(7.3)		
Staffing	42	50	-16.0	

WEB PRINT – AUSTRALASIA

	FY10 \$m	FY09 \$m	Change %	
Revenue	27,225	24,136	+12.8	<ul style="list-style-type: none"> • Organic sales growth of 13% • Tonnages up 8% • Margin decline following outsourcing of work given capacity constraints, and some cost of materials increase. • Working Capital <ul style="list-style-type: none"> - Stock decreased by \$959K - DSO from 55 days (June 09) to 57 days (June 10) • Proposed divestment of Cadillac Printing.
Segment Result	538	867	-37.9	
Margin %	2.0	3.6		
Staffing	61	58	5.2	

	JUN 10	JUN 09	Commentary
Current Assets			
Cash and Debtors	17,148	14,607	Working Capital Ratio – 2.1 (2009: 1.4), DSO 53 days (2009: 53 days). Inventories management – Cadillac.
Inventories	2,840	3,692	
Other	908	1,183	
Total Current Assets	20,896	19,482	
Non current Assets			
Investments	3,523	4,013	Reflects JV Retained profits. \$1.5m dividends received FY10.
Intangibles	31,249	31,927	
Property Plant & Equipment	10,608	10,512	
Other	1,886	2,230	
Total Non Current Assets	47,266	48,682	
Total Assets	68,162	68,164	
Current Liabilities			
Creditors, Tax & Employee Provisions	11,004	10,852	Improved terms to paper suppliers. No net debt (HP Cadillac).
Borrowings	1,338	3,073	
Total Current Liabilities	12,342	13,925	
Non Current Liabilities			
Employee Provisions and Other	1,156	977	HP – Cadillac
Borrowings	3,528	4,266	
Total Non Current Liabilities	4,684	5,243	
Total Liabilities	17,026	19,168	
Total Equity	51,136	48,996	

RESULTS FEATURES

- Revenue increase in volatile market driven by organic growth.
- Full service TFM (hubs) offer grows to 70% of Australasia pre-media.
- Improved operating margins in Australia
- UK pre-media business traded profitably in last quarter.
- Asian operations established in Singapore and Malaysia.
- Equity accounted iPrint business major client volumes steady with small increase in margins.
- No net debt within the Group.
- Dividend increased by 17%.

OUTLOOK

- Comparable revenue growth solid.
- UK operations return to profitability.
- Continued development of Asian marketplace through Wellcom Singapore and Wellcom Malaysia.
- iPrint JV volumes expected to remain stable.
- Further investment in Knowledgewell software, new products and client facing capability in the coming year.
- Cadillac printing divestment expected following shareholder approval.
- Our focus will now shift to pursuit of complementary acquisitions to extend our service and product offering in current markets.

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