



## WELLCOM GROUP CONTINUES STRONG GROWTH

17 AUGUST 2011

Wellcom Group Limited (Wellcom) (ASX: WLL), a leading provider of pre-media, digital asset and content management services in Australia, NZ, Singapore, Malaysia and the United Kingdom, primarily to corporations and retailers, today announced its results for the year ended 30 June 2011.

	FY11 \$m	FY10 \$m	Change
<b>Revenue</b>	<b>57.25</b>	<b>54.62</b>	<b>5%</b>
EBITDA	13.82	13.00	6%
EBIT	11.85	10.45	13%
<b>Profit after tax from continuing operations</b>	<b>9.15</b>	<b>7.66</b>	<b>19%</b>
Profit after tax from discontinued operations/non- controlling interest	0.47	-	
Statutory profit after tax	9.62	7.66	26%
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Earnings per share – from continuing operations	23.34	19.55	19%
Earnings per share - statutory	24.56	19.55	26%
Dividend per share	16.5	14 .0	18%
Franking (%)	100	100	-

In commenting on the result, Mr Wayne Sidwell, Executive Chairman of the Wellcom Group said, "We are delighted to report a result reflecting a 19% increase in profit after tax from continuing operations. Organic sales growth has been achieved across the Group with the UK pre-media operation contributing a particularly pleasing result following completion of the business' restructure in the prior year."

## **OPERATING PERFORMANCE**

During the period Wellcom completed the sale of its 50% interest in the web offset printer Kinkaid Pty Ltd (trading as Cadillac Printing), and closed sheet-fed operations in Queensland, in order to focus on core business activities.

On 30 June 2011 the Group also completed the acquisition of 100% of the share capital of iPrint Corporate Pty Ltd, previously a 50% equity accounted joint venture between Wellcom Group and Australia Post. Prior to the acquisition iPrint contributed \$0.97 million (2010: \$1.01 million) of equity accounted earnings.

Wellcom recorded revenue of \$57.25 million for the year ended 30 June 2011, representing an increase of 5% over the prior year. This result includes organic growth of 2% in the UK and of 5% in Australasia. The Group's Asian operations contributed sales of \$1.1 million, representing 2% of the organic growth, and a six month contribution from our studio at Bartle, Bogle and Hegarty (BBH) in Singapore.

Operating margins within the Group continued to improve, increasing 1% to 22% for the year, notwithstanding investment in growth of the software development division and trading losses of approximately \$0.2 million in Asia.

Profit after tax from continuing operations increased by 19% to \$9.15 million, reflecting continued strength within the Australasian pre-media business together with an improvement in operating performance of the UK operations.

The full year effective tax rate of 25%, consistent with the prior corresponding period (26%), reflects the recognition of \$1.9 million of joint venture profits via dividends in the year.

## **CASH FLOW AND BALANCE SHEET**

The company has increased net operational cash flow by 5% to \$11.7 million (2010: \$11.1 million) in comparison to the prior year. At 30 June 2011 Wellcom has no net debt with cash and cash equivalents in excess of interest bearing liabilities by \$17.6 million. This is in comparison to a net debt position of \$0.2 million in the prior corresponding period and provides a sound financial base and the flexibility to pursue growth opportunities as they arise.

## **DIVIDEND**

The Directors have declared a fully franked final dividend of 9 cents per share. This results in full year dividends of 16.5 cents per share, an increase of 18% on prior year. The record date for determining entitlements to the interim dividend is 1 September 2011, and payment will occur on 15 September 2011.

## **OUTLOOK**

Wellcom is now established in the Asian market, following the creation of Wellcom Singapore and Wellcom Malaysia, which presents an area of significant potential future growth.

Following the agreement established with advertising agency BBH earlier the year which resulted in the creation of a new creative studio in Singapore, the relationship with the agency has recently been extended further with the July addition of a creative studio to service their UK operations.

The business is engaged in several large pitches in Australia, the UK and Asia. Activity across the Group is strong, however the global retailing outlook remains subdued and the retailing sector is undergoing significant structural change.

Following the current years result, and based on full year contributions from recent contractual wins, studio implementations and continued improvement in the operating performance of the UK pre-media business, Wellcom is continuously optimistic of full year EPS growth in FY12.

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