

Tuesday 27 February 2018

## Salmat reports continued growth in net profit; dividends resumed.

Salmat Limited (ASX:SLM) today released its results for the half year ended 31 December 2017. Half year revenue of \$196.3 million from continuing operations was down 4.1% on the prior corresponding period. Underlying EBITDA of \$11.9 million was up 13.5%. Underlying profit before tax was \$5.3 million and net profit after tax was \$2.1 million, both up on the prior year results.

“Revenue growth is a key focus for Salmat,” said CEO Rebecca Lowde. “While we have made great strides in cost management, net operating cash inflow, earnings and net profit, we continue to face new business challenges and we are working to address these as an immediate focus.”

“Looking at our longer-term options for delivering value to shareholders, the strategic review currently underway is now well advanced, with some actions already taken,” said Ms Lowde.

### Group results - continuing operations

\$ million	1H18	1H17	Change pcp
Revenue	196.3	204.6	-4.1%
Underlying EBITDA	11.9	10.5	+13.3%
Underlying profit before income tax	5.3	2.5	+112.0%
Income tax expense	(1.0)	(1.3)	-23.1%
Significant items	(2.2)	-	NMF
Net profit after tax	2.1	1.2	+75.0%

Results restated to reflect continuing operations following divestment of MessageNet, Interactive Services and Fuse.  
NMF = no meaningful figure.

**Revenue** of \$196.3 million was down 4.1% on 1H17 but relatively flat compared with 2H17. New business and increased discretionary spend - particularly in the Contact Solutions business - made a positive contribution but failed to bridge the gap left by lost clients and the impact of catalogue volume decline.

**Underlying EBITDA** of \$11.9 million was up 13.3% on the prior corresponding period and up 43.4% on 2H17. Improved margins from new business and discretionary spend, as well as continued cost management, contributed to the increase.

**Underlying profit before income tax** of \$5.3 million was up 112.0%, following reduced depreciation and amortisation and reduced net interest cost.

**Significant items** had a net impact of \$2.2 million, following restructuring costs and costs associated with the strategic review process.

**Net profit after tax** of \$2.1 million was up from \$1.2 million in 1H17.

**Net cash** at 31 December 2017 was \$21.9 million, up from \$8.8 million at 30 June 2017. Proceeds from the sale of businesses as well as net operating cash inflow were the largest contributing factors.

The Board has elected to pay a fully franked interim **dividend** for the period of 1.0 cent per share, with a record date of 7 March 2018, payable on 18 April 2018.

### **Strategic review**

Salmat announced the commencement of a strategic review of the overall business in February 2017. Through this process, Salmat has successfully completed the implementation of the new contact centre platform and launched the innovative new Salmat Hub app for catalogue distribution.

As a result of the review, Salmat also agreed to the sale of MessageNet in December 2017. The smaller Interactive Services and Fuse businesses were also sold and discontinued respectively during the first half. The sale of the businesses generated \$15.3 million.

A number of opportunities have been evaluated for other businesses within Marketing Solutions and Contact Solutions. While some of these options have been exhausted, others remain in train. Salmat will update the market as we continue the strategic review process.

“We are committed to rigorously assessing all the opportunities on the table and delivering the best possible outcome for shareholders,” said CEO Rebecca Lowde.

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## ABOUT SALMAT

Salmat is a leading Australian marketing services business. We partner with our clients to help them with the constant pressure of acquiring and servicing their customers, week-in, week-out. With media, digital and contact capabilities, we have the right solutions for our clients, enabling them to Reach, Convert and Serve more customers.

Founded in 1979, Salmat has evolved from a small letterbox distribution business to an ASX-listed company. With a talented team across four countries, we work with some of Australia's most recognised and trusted brands to manage billions of customer interactions every year.

**Reach:** We offer the broadest reach media (online & offline), with the ability to target individuals and up to 17 million people.

**Convert:** We deliver conversion across multiple channels, creating more opportunities for our clients' customers to buy.

**Serve:** We make every one of our clients' interactions count online and offline.

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