SALMAT

UBS Emerging Companies Conference

20th October, 2005

ASHLEY FENTON
Chief Financial Officer

We are the Leader in Customer Communications in Australia

Background

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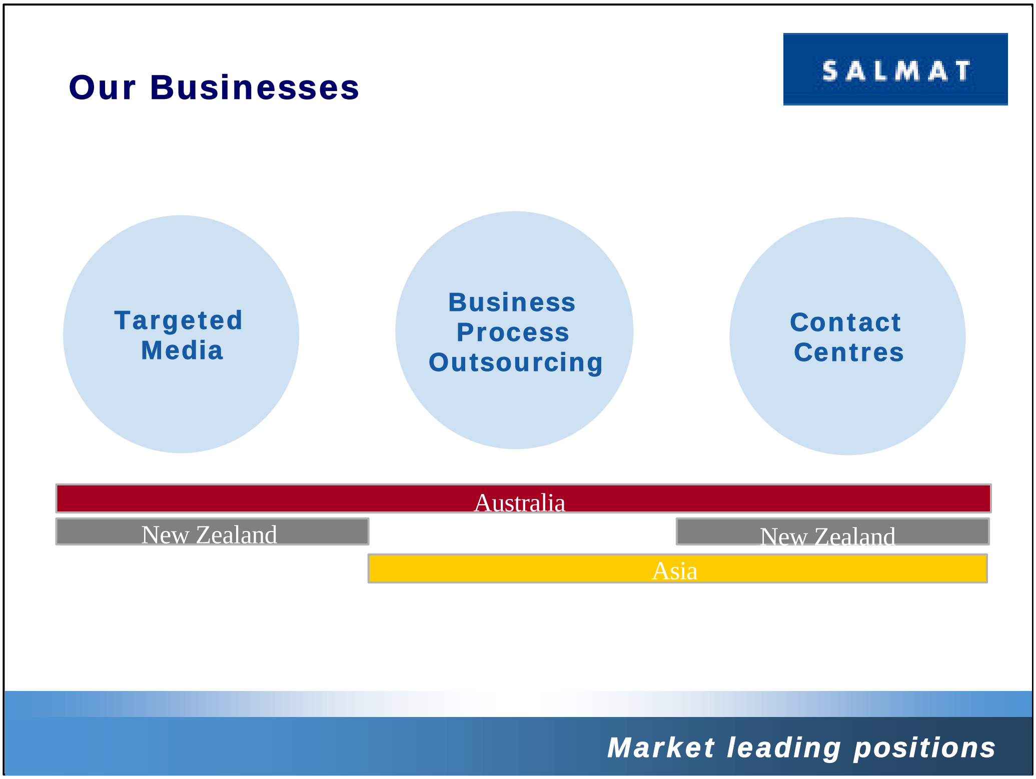
- Founded in 1979
- FY05 Revenues of $407.5 million
- FY05 Net Profit After Tax of $27.1 million
- 23 sites across Australia, New Zealand and Asia
- Over 3,600 people employed

Today I'll give a bit of background on the company, it's businesses, growth record and competitive advantages and then take you through each of the three businesses in more detail.

- Salmat is Australia's leading customer communication group.
- Our business is all about helping our customers' contact their customers most effectively.
- Salmat is a business that has been around for a while – in fact, 26 years. It's grown consistently by investing in new products and services and technologies and making acquisitions along the way.
- Over 26 years we have built a 3,600 strong team at 23 sites across Australia, New Zealand and Asia.
- Our revenue for the year to June 2005 was $407.5 million, with net profit after tax of $27.1 million.



- We have three businesses, all of which are market leaders.
- **Targeted Media** delivers more than 4 billion advertising catalogues each year to homes throughout Australia and New Zealand.
- **Business Process Outsourcing** archives, processes, formats and mails bank and credit card statements, accounts and other regular mailings in Australia, Hong Kong, Taiwan and the Philippines on behalf of large companies and organisations.
- **Contact Centres** handles 30 million inbound and outbound, telephone, fax, email and online communications every year from facilities in Australia, New Zealand and the Philippines.
- I will talk more about each of these businesses later.
- There is, however, one thing I would emphasise that they all have in common - and that is advanced technology that contributes significant value to our customers and provides a barrier to entry for potential competitors.

Business Mix – Total Revenues

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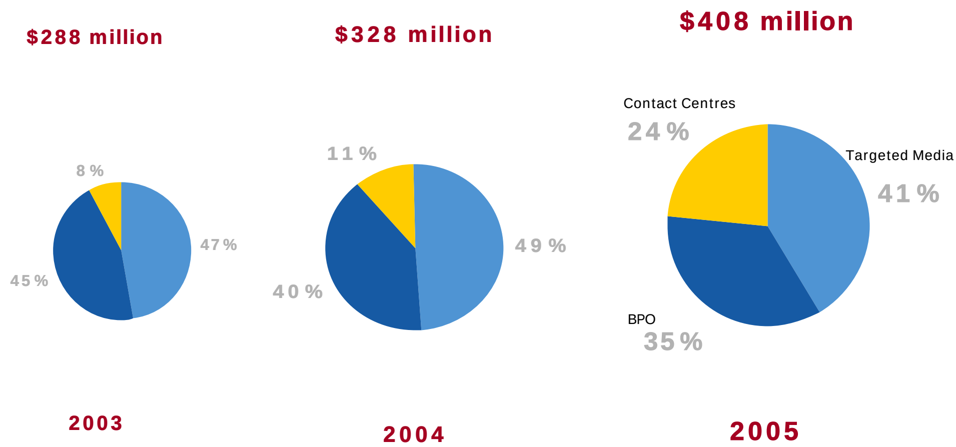
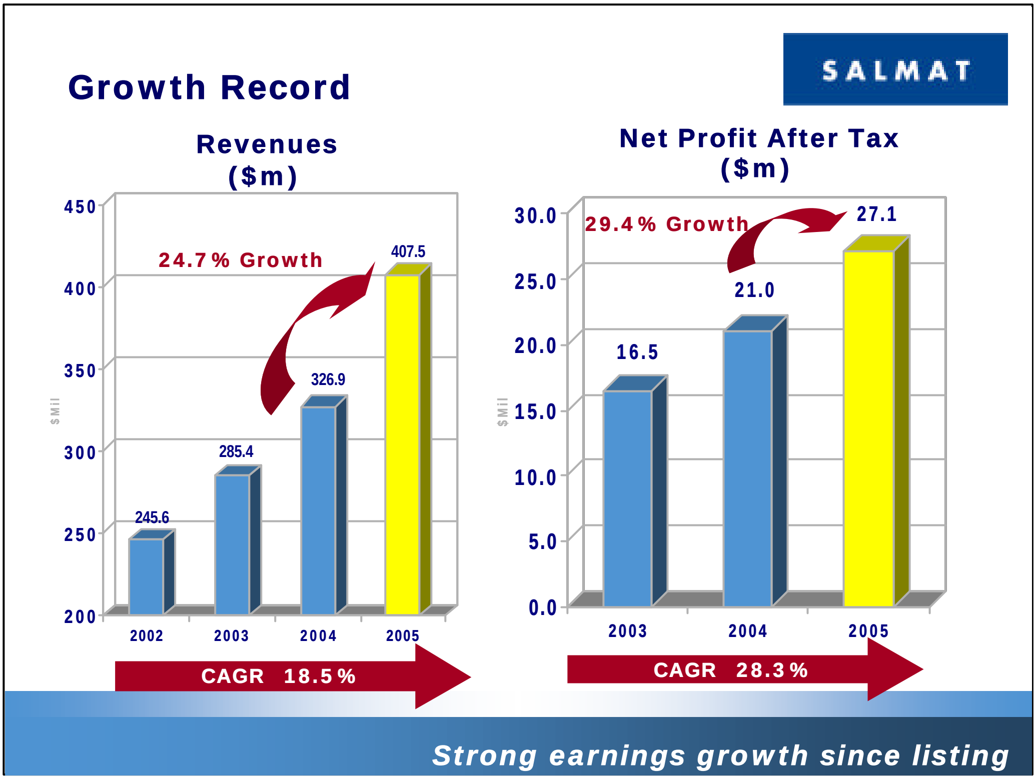
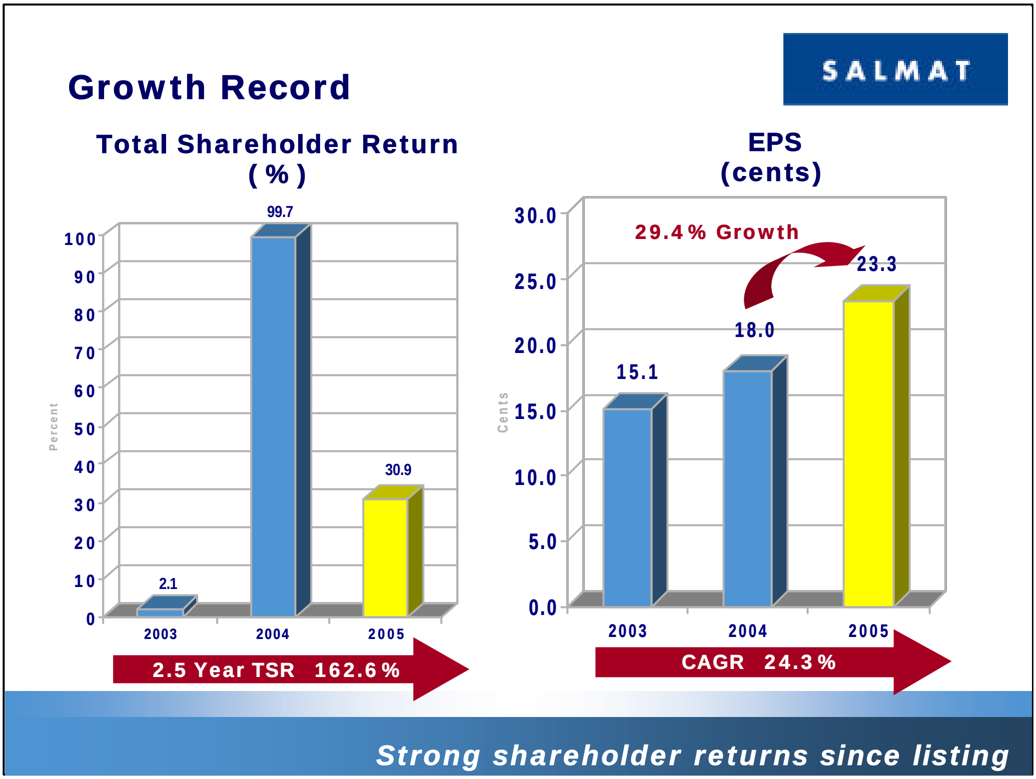


Three significant business streams

- Over the past few years, we have been diversifying our revenue through building our Contact Centres business. This business has grown from being 8% of revenues in 2003 to 24% in 2005.
- And if we annualise the revenues from the SalesForce acquisition (which was made in January 2005), this proportion would have been 34%.



- We've had strong growth since our listing in December 2002.
- Revenue growth in 2005 was 24.7%, bringing the compound annual growth rate since listing to 18.5%.
- Net profit after tax increased in 2005 by 29.4%, giving us a compound annual growth rate of 28.2% over the two years.
- These results have been achieved as a result of our clear goals and strategies.
- While we can't expect such strong double digit growth every year, our aim is average double digit compound annual growth in both revenue and profit over the long-term.



- Our results have flowed through into strong shareholder returns since listing – in both dividends and share price.
- Total shareholder return in 2005 was 30.9%, a strong result.
- For those who bought shares in our IPO, their return over 2.5 years has been an impressive 162.6%

Competitive Advantages

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Leading Market Position
- Market leader in all key markets
- High barriers to entry
- IP and technological superiority

Strong Management
- Average tenure of senior management – 15 years
- Robust management systems

Large, Established Client Base
- Blue chip clients
- Long term relationships

Focused Growth Strategy
- Market growth
- Market share growth
- Acquisitions
- Asia

Strong Financial Performance
- 26 year history of growth
- Strong free cash flow

Strong competitive position

- We have a strong competitive position
- We are the market leader in all three businesses, with the advantage of significant scale and barriers to entry.
- We have a blue chip customer base, which includes 6 of Australia's top 10 companies and many customer relationships going back more than 10 years.
- The intellectual property and technological expertise in each of our businesses are key differentiators.
- We have a strong management team -our senior management have an average of 15 years with the company.
- We have a focused growth strategy, covering organic opportunities as well as potential acquisitions; and I will talk more about this later.
- Finally, we have a 26 year history of growth, a strong balance sheet and good free cash flow, our return on capital employed is healthy - FY 05 was 33%

Targeted Media

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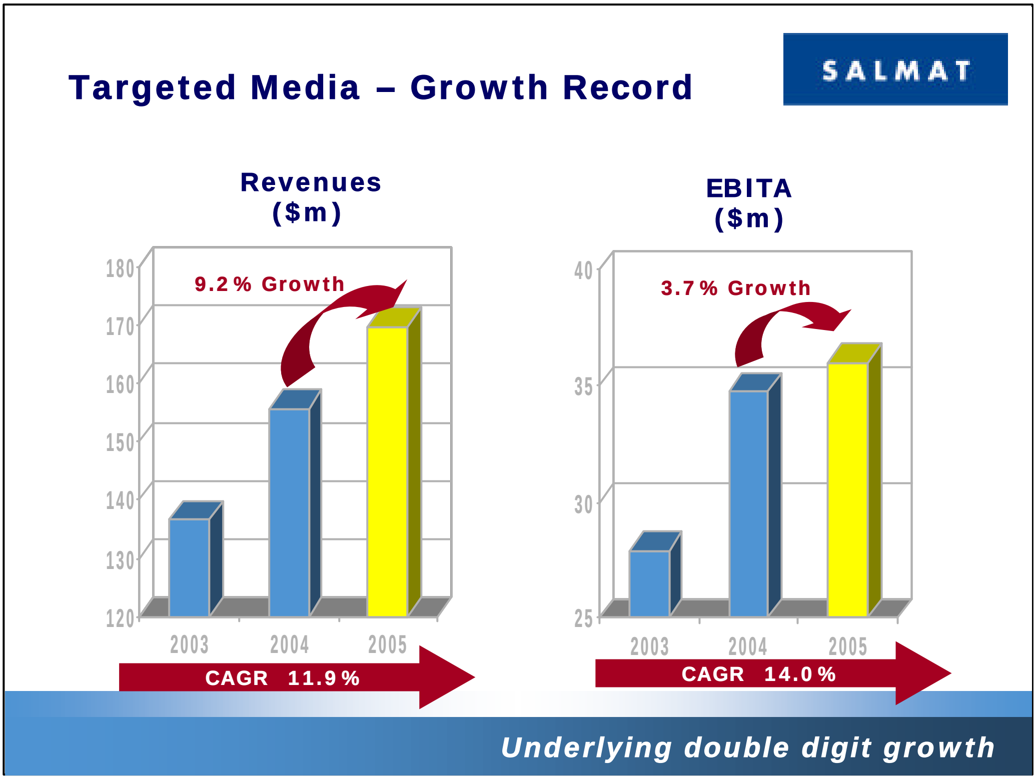
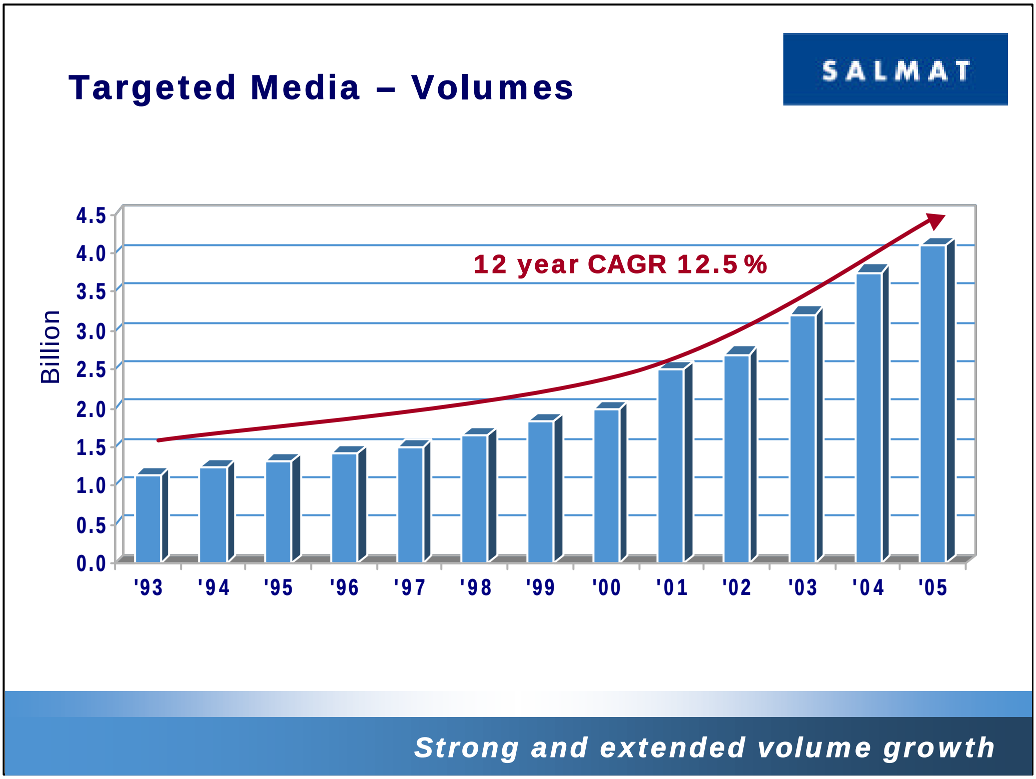
Targeted advertising medium

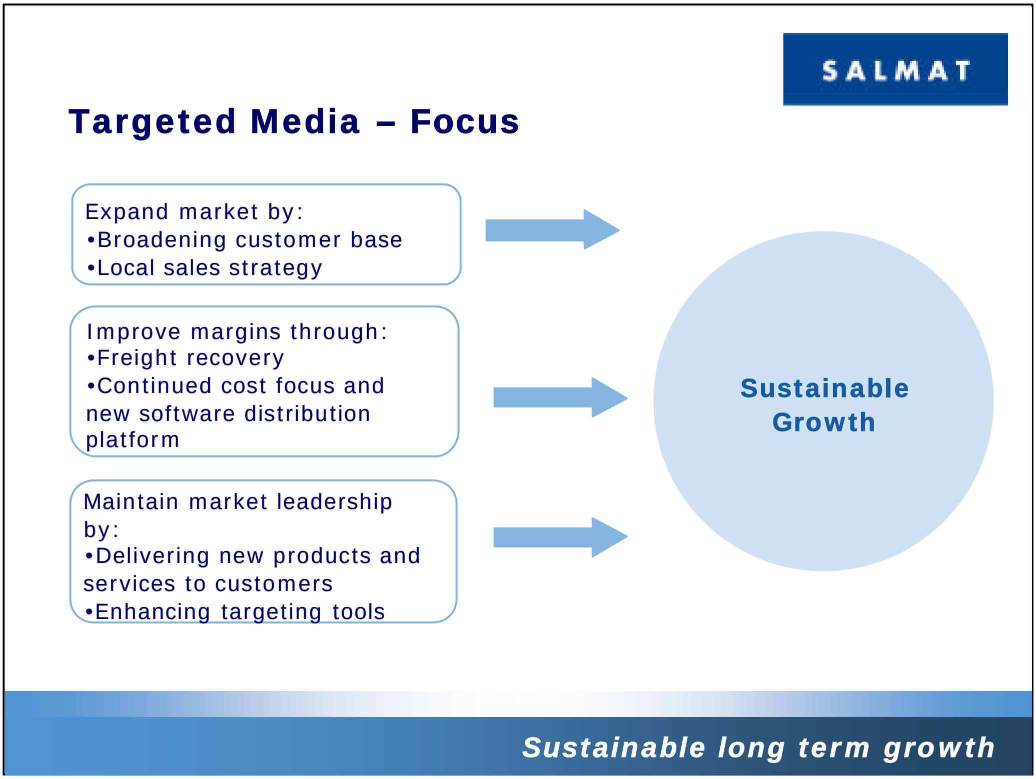
- Now to our three businesses, and first Targeted Media.
- This is the business that delivers more than four billion advertising catalogues each year to homes throughout Australia and New Zealand.
- This may seem a relatively simple business, but it is not.
- Detailed demographic analysis enables us to target the consumers most likely to buy particular products or services.
- We can therefore, for example, target a catalogue of products likely to be bought by young mothers to the homes where they are most likely to live. Or in the case of a TV network, identify where a programs likely audience live and deliver a promotional DVD to their homes – which we did recently.
- This helps our customers to gain greater value from their marketing spend and to maximise sales. And we've seen a shift of new non-traditional (main retail) users using the medium.
- The result is that Targeted Media's volume growth is outstripping growth in overall retail spend.



- Targeted Media is a low capital-intensive and low risk business, with strong cash flow and excellent return on capital. Its growth record has been solid.
- Revenue increased by 9.2% in 2005, and its compound annual growth rate over the past two years has been 11.9%.
- EBITA increased by 3.7%, and compound average growth rate over the past two years has been 14%.
- Results in 2005 were affected by a shortage of print capacity and fuel cost increases.
- The print capacity issue arose as the strong catalogue and magazine volumes over the last few years chewed up the printers available capacity. It was exacerbated by PMPs decommissioning of presses earlier this year to make way for new presses. The impacts for us were potential lost volume and costs of handling late stock. Good news is more capacity being put in both Franklins and PMP – on track / Fathers Day okay. More optimistic with peak to come.



- Volume has grown every year since the business started.
- Some years, of course, are stronger than others, but the compound annual growth rate over the past 12 years has been 12.5%
- Over the past four years, the compound average growth rate has been 13.5%.



- Our main objective is to grow Targeted Media's overall market and broaden our customer base.
- We are working to achieve this in a number of ways, including strengthening our relationships with advertising agencies.
- 51% of new business is now coming from sectors which have not been significant users of Targeted Media in the past, and 80% of that is coming through advertising agencies.
- We are also broadening our market reach getting to more local business through a local sales strategy.
- Obviously we are focussed on our margins.
- Higher fuel prices were an issue for us in 2005, and we aim to pass this on progressively as contracts are renewed. This and the easing of print capacity issues should see us able to maintain our EBITA margins in the 21-22% range - which we see as sustainable.
- We are in the process of rolling out our new software distribution platform which will improve customer service and over time increase productivity.
- This is the first time in 15 years that we have introduced a totally new software system, and all costs have been written off.

Business Process Outsourcing

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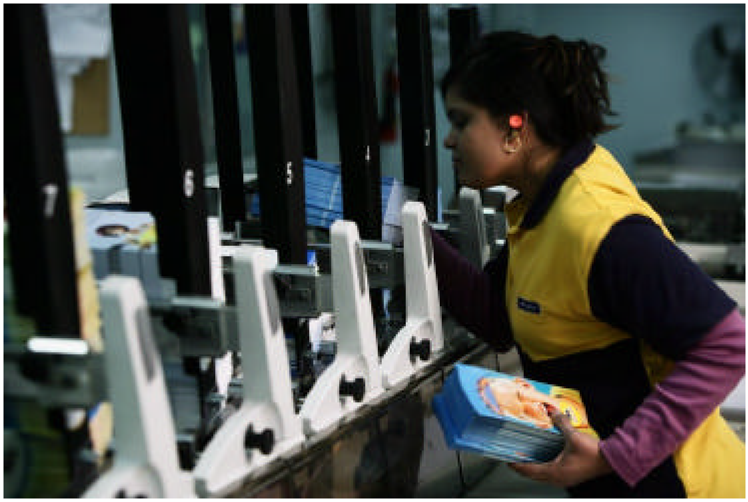
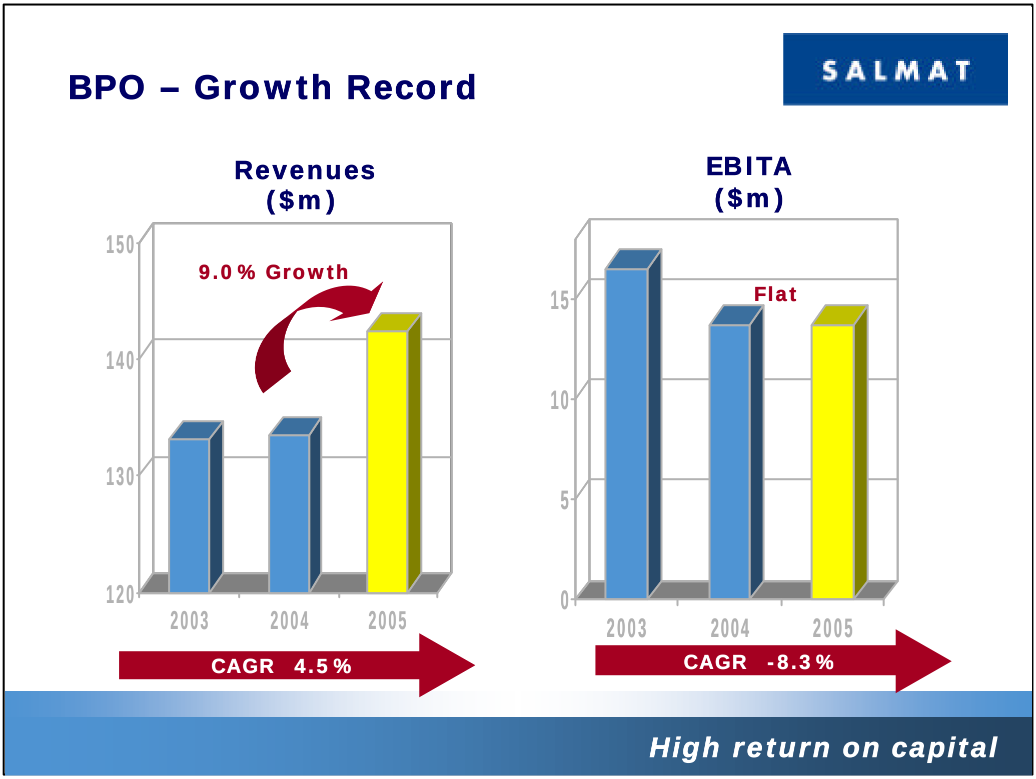
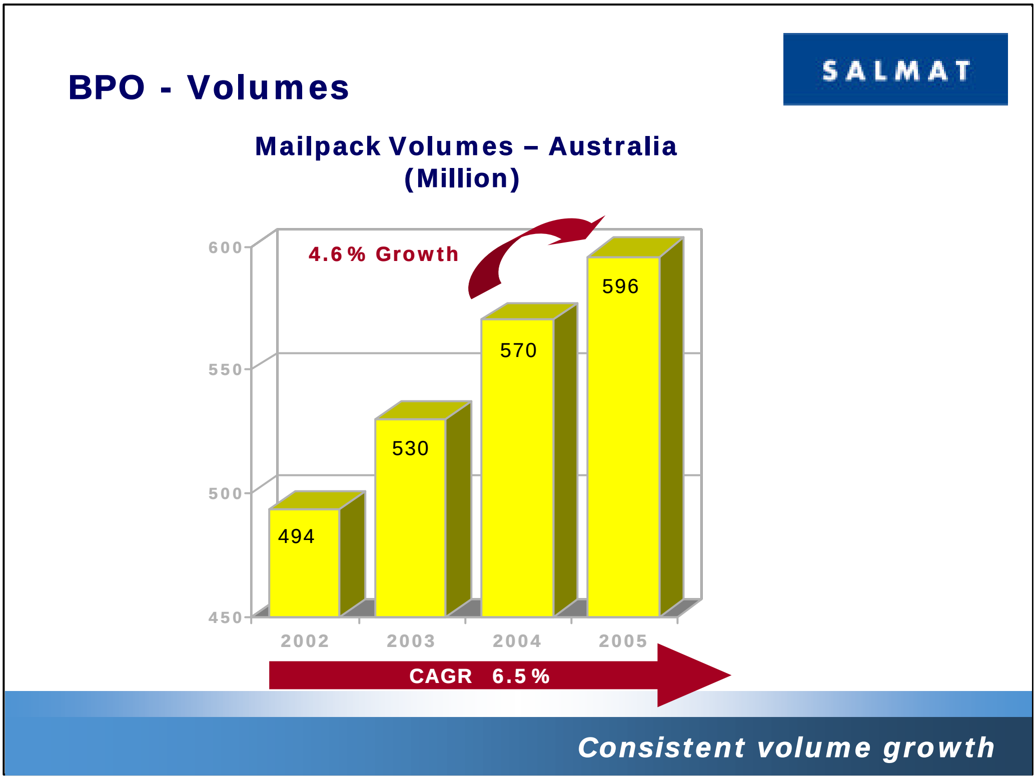


Outsourcing of essential mail

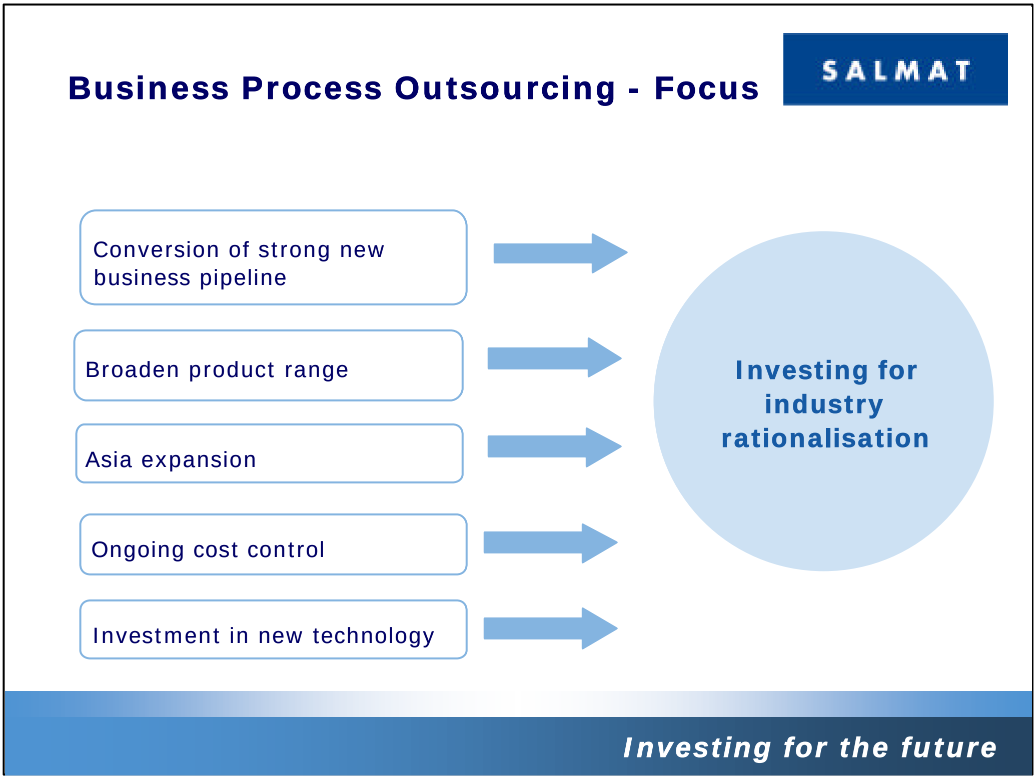
- This is the business that archives, processes, formats, prints and mails bank and credit card statements and other regular, essential mailings.
- We are the market leader in this field, with long-term contracts (3-5 years) and a blue-chip customer base.
- We dominate the bank and financial institution market.
- Superior data skills and technology and a total focus on quality enable us to provide a cost effective, high security service.
- Our technology also enables us to include customised messages on statements. These can be varied based on individuals' demographic profiles or purchasing patterns.
- The business has facilities in Australia, Hong Kong, Taiwan and the Philippines.
- Our Asian operations account for 10% of the business revenue.
- During 2005, we won a major contract - $40 million over five years - to provide statement processing services to a global credit and charge card company across the Asia Pacific region.
- Our unique Asian capability was key to us winning this contract.
- The implementation is on track and we've gone live in Taiwan and Hong Kong – with Australia in the second half.



- This is a very competitive business; while we have been growing our top line, margins have suffered with pricing down by 3-5% pa for the last three years.
- Despite competitive pressure, our BPO business overall has a return of more than 25% on capital employed - not a bad business!
- Revenue grew by 9% in 2005, but in Australia revenue growth was 10.7%.
- While EBITA was flat in FY05, this masked the strong performance of the Australian business in a competitive market.
- Australian EBITA increased by 5.8%.
- The Asian business, while profitable overall, is still developing and Hong Kong has yet to move into profit – though with the recent new business should start to turn by the end of the year.



- Whilst this is a relatively mature business, we have been growing underlying volume consistently.
- Last year we processed 596 million mail packs in Australia, which was an increase of 4.6% over the previous year and represents 20% of Australia Post’s bulk business mail.
- Compound average growth rate over the past three years has been 6.5%. This has been achieved through growth by our customers, as well as new business (eg ANZ October 2005)



- Our focus for our BPO business has been on investing for the future – to position us as the scale player with best technology - for potential industry rationalisation – which we see as likely – change cycle.
- We have locked in all our major clients did loose one - price; refreshed our laser printing and mailing equipment; introduced new product capability and opened new facilities in Hong Kong and Moorebank.
- Also focused on broadening our product range – can't be a commodity.
- Example of StreamServe, which allows a customer to bundle desktop mail from different offices - reducing costs and obtaining bulk mail discounts.
- Another example is digital 'print on demand' services following our acquisition of the NSW Government Printing Service.
- Margins have been under pressure and will continue to be affected by the costs of expanding our capabilities. Also impacted by –
    - introducing new technology - higher depreciation
    - implementing major new contracts - set up costs
    - integrating the NSW Government Printing Service – lower margin
    - as well as by the competitive market (with major contracts coming back to market)
- We are in a strong position to go through the current industry cycle.

Contact Centres

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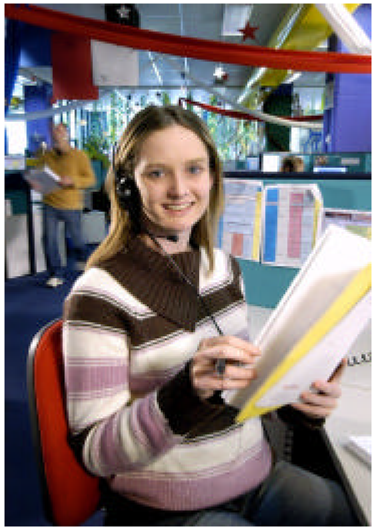
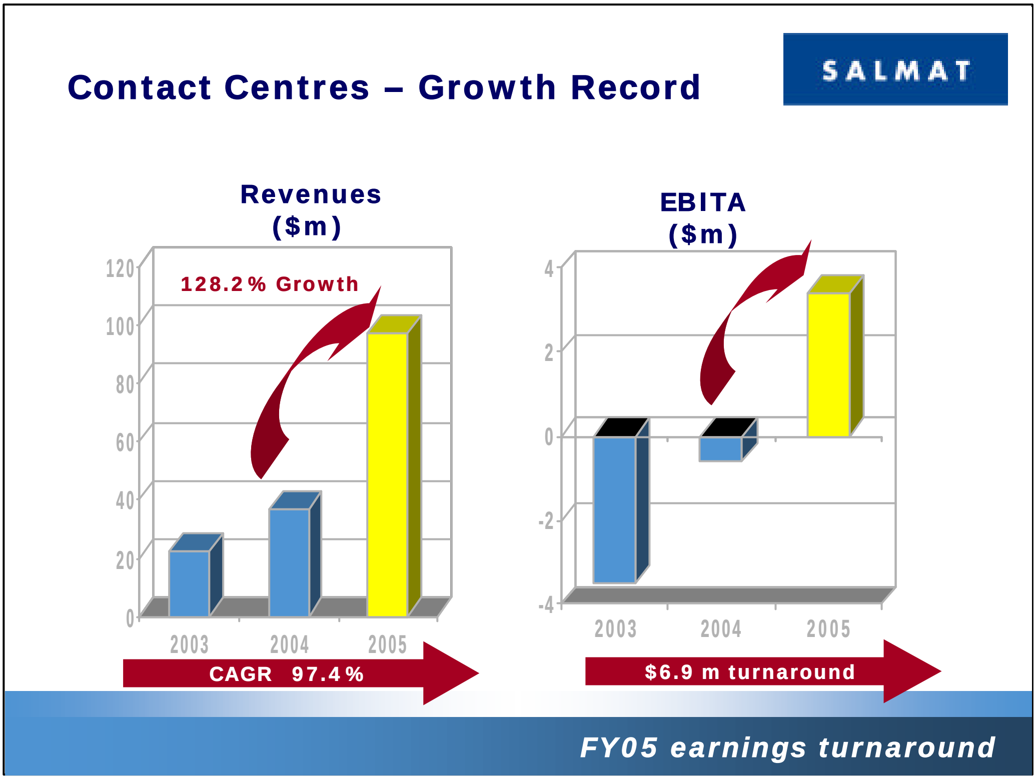


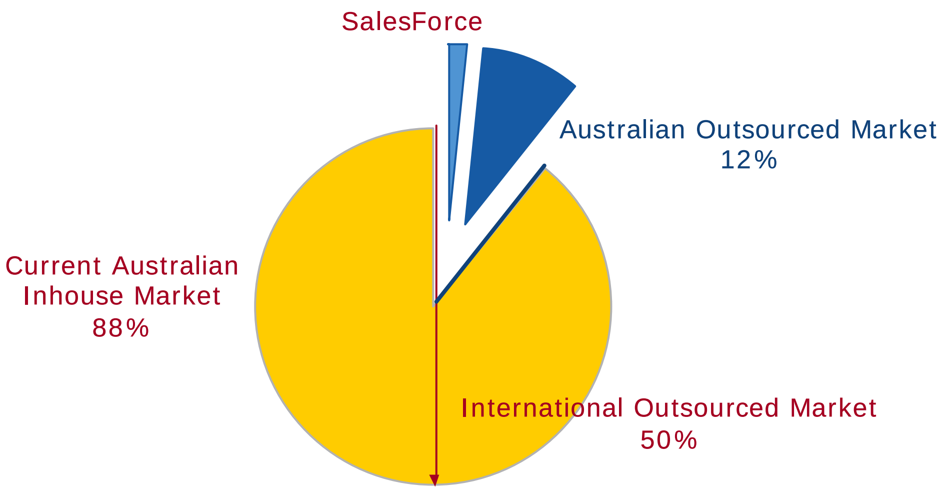
SalesForce delivers scale

- Contact Centres is our newest business; and we expect significant growth from this business going forward.
- The acquisition of SalesForce in January has transformed the business, given us a much stronger base on which to build and made us the market leader.
- We now have 2,500 seats compared with 909 seats in December 2004.
- SalesForce's revenue contribution from acquisition until 30 June was $53 million, in line with our expectations.
- Integration is 80% complete – and, importantly, there is an excellent cultural fit.
- Key people have been retained.
- We are very happy with this acquisition, which has fulfilled our strategic objectives of increasing the scale of our Contact Centres business and expanding our technology and skill base.
- SalesForce received the well regarded Hewitt Best Employer Award last month for the second successive year – a testimony to its superior Contact Centres people management skills.
- We operate the most advanced Contact Centre facilities and technology in the region.
- We handle inbound and outbound call work.
- Our business is skewed to more inbound call work (65%)
- As an example of inbound work, for a national telecommunications carrier, we provide a total customer service facility, handling all their customer service enquiries including billing, account changes and information on new products.



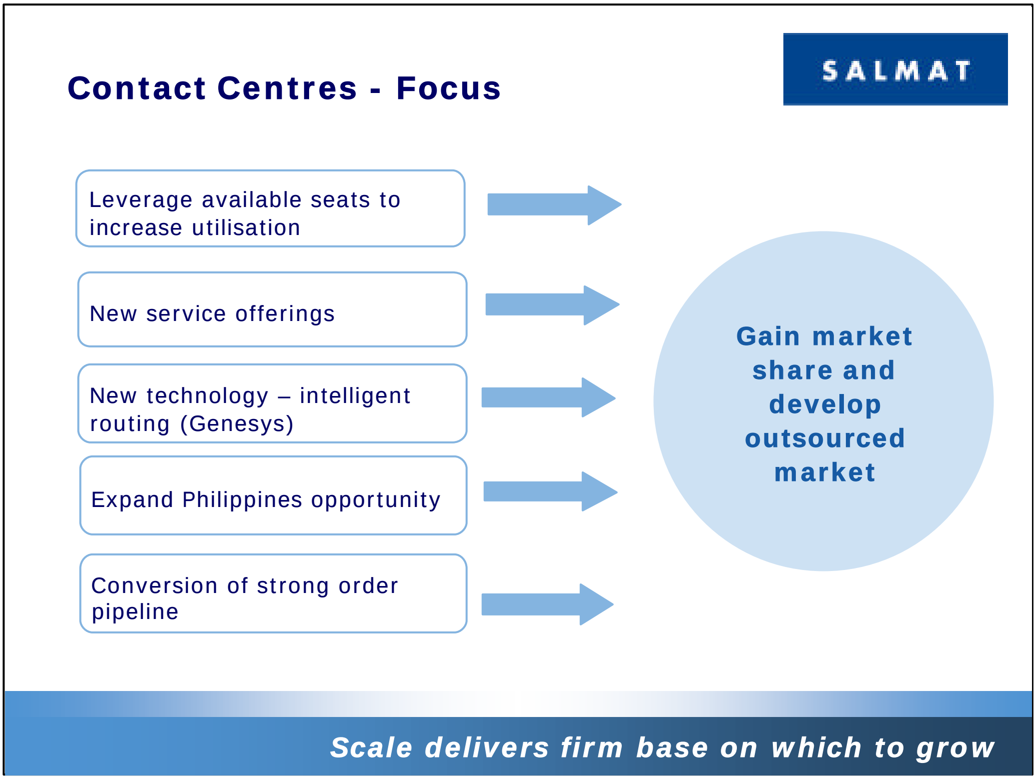
- Contact Centres growth has been impressive as we have expanded the business in FY05 from a low base into a more substantial operation.
- As expected, SalesForce was EPS neutral after goodwill, interest and integration costs.

Contact Centres – Growth Potential



Significant growth potential

- Significant growth potential.
- The Australian market is currently about 12% outsourced, compared with up to 50% internationally.
- Our share of the outsourced call centre market is now 16%, with four main players in the market. (Teletech, UCMS and Stellar)
- There is therefore considerable growth potential.
- Our current seat utilisation is 60%, providing significant opportunities to increase both revenue and margins.
- We aim to achieve 80% utilisation before building new seats – unless we win a 100-200 seat opportunity.
- We have recently won new contracts which have tripled the size of our New Zealand business to 300 seats and filled 90 seats in Sydney.



- Scale is the key to success in this business – allowing us to invest in superior technology and grow margins.
- FY05 EBITA margin was 3.7%, and we believe we can increase this significantly.
- Our current 3 year target is 10%.
- Margin growth may, however, be constrained by revenue growth, due to the cost of investing in training and new facilities.
- Training each person can take between 8 and 13 weeks; and capital expenditure per new seat is between $5,000 and $10,000.
- SalesForce brought us Genysys technology and capability, which we are now implementing across all our seats and which provides superior computer telephony interface – industry standard
- The other part of our Contact Centres business is ClientLogic, our 49% owned call centre business in the Philippines
- Client Logic is growing strongly made first profit - $2.5m, after increasing its sales by 78.5% in 2005.
- Expect to equity account the business in the second half of the current year.
- ClientLogic's EBITA margin is 12.7%, and its 50% seat utilisation provides plenty of scope for growth.
- ClientLogic's clients are generally major US corporates and its seats are in use during the night shift, providing opportunities to use them in day shift for Australia.
- This enables us to offer customers opportunity to take some work to the Philippines - expect slow take-up (maturity).

- Our key strategic goals for the current year are unchanged.
- These are to maintain our three businesses' market leadership;
- to expand them organically;
- and to continue to improve customer service through investing in technology and new products.
- We have a strong balance sheet, with a current debt: equity ratio of 56.6% and annualised interest cover of 21X, and also strong cash flow.
- These will enable us to continue to make acquisitions that extend our services, increase our intellectual property and contribute real shareholder value.

Summing up

In summary – looking to build our business to deliver sustainable growth over long term.

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Improving our Customers' Businesses

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Company announcements and presentations can contain forward-looking statements. Words such as “believe”, “anticipate”, “plan”, “expect”, “intend”, “target”, “estimate”, “project”, “predict”, “forecast”, “guideline”, “should”, “aim” and similar expressions areintended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. Wecaution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include but are not limited to: competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with, and possible changes in, environmental and health and safety laws; dependence on cyclical markets; the supply and cost of materials ; exposure to environmental or other legal proceedings; and risks of conducting business internationally. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.