

Strong result in difficult market

- demonstrates benefit of portfolio

Philip Salter
Joint Managing Director

Peter Mattick
Joint Managing Director

Ashley Fenton
Chief Financial Officer

February 2003

Today's Agenda

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Joint Managing Directors - Results Highlights

- Business Environment
- Strategy

Chief Financial Officer - Overview of Financial Results

Joint Managing Directors - Outlook

Results - Highlights

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Profitability

- PAT \$9.5m up 57% on LY
- Achieved 60% of Prospectus PAT Target in H1
- EBITA margin 2.9% higher than LY
- Sales revenue up 2%

Cashflow

- Generated operating cashflows of \$11m in H1
- Capex spend below target

Dividend

- Dividend - 3 cents - 30 April '03

Financial Summary

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	2002 \$m	2001 \$m	Change	
Sales Revenues	141.6	138.8	2.0%	↑
EBITDA	23.8	20.7	14.8%	↑
EBITA	17.3	12.9	33.7%	↑
Profit after Tax	9.5	6.1	57.2%	↑

CCS Overview

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HY 2002 Revenue \$m		CUSTOMER CONTACT SOLUTIONS
Target & Delivery	68.4	<ul style="list-style-type: none">• Market Leader<ul style="list-style-type: none">- customer targeting/market analysis- delivery of catalogues/advertising• Operations in all states and New Zealand• Focus on non traditional users
Voice	8.0	<ul style="list-style-type: none">• 300 call seats in three sites, Syd/Mel• Focus to increase inbound work
Voice Asia	-	<ul style="list-style-type: none">• 530 seats in Manila, Philippines• Joint Venture with PLDT• Service Zone strategic alliance• Mainly US work, inbound focus
Total CCS	<u>76.4</u>	

- Revenue up 6.4% - Driven by Targeting & Delivery

CCS Business Environment

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VOICE

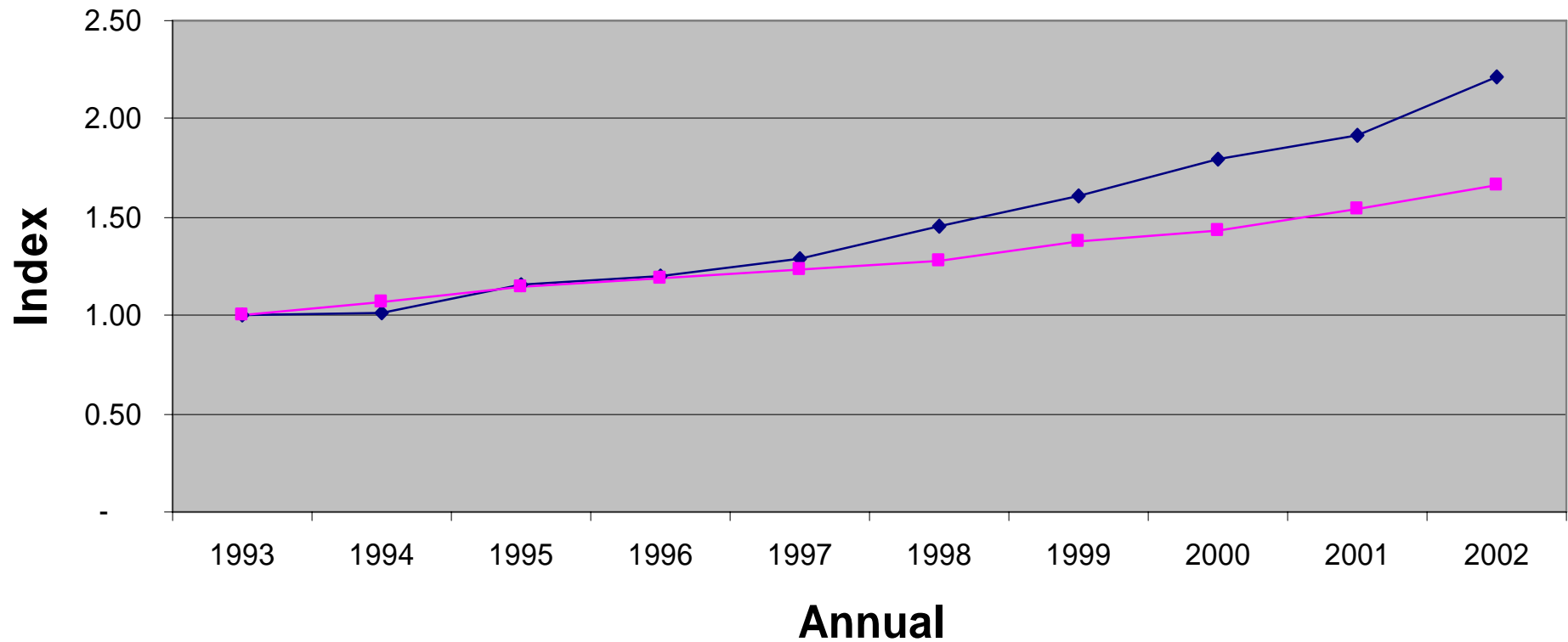
- Competitive business environment
- Reduced reliance on outbound work (Telstra)
- Strategic alliance with US based Service Zone Inc for major contacts into US

- **TARGETING & DELIVERY**
- Solid volume growth driven by retail customers
- Non traditional revenue growth
- Retail spend on direct marketing increasing

Targeting & Delivery Volumes

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Growth Index



◆ Salmat Volumes

■ Retail Total Turnover

Source: ABS

TARGETING & DELIVERY

- Expand sales to non-traditional users
- Encourage higher volumes by current users
- New release of Marketfind

VOICE

- Call centre strategy on track
- Low cost model
- Break even next financial year

BPO Overview

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HY 2002 Revenue \$m

BUSINESS PROCESS OUTSOURCING

BPO Australia 55.5

- Market leader
 - digital printing & mailing - essential mail
 - data management & analysis
- Multiple locations
- Dual printing - cut sheet and continuous
- IT focus

BPO Asia 9.7

- Philippines, Taiwan and Hong Kong
- Acquired 50% balance 01 July 2002
- Focus on expansion - new customers / data products

65.2

- Revenue down 2.7%

BPO Business Environment

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- Difficult sales environment, protracted tender process, absence of one off assignments
- Regional areas coming under price pressure
- Data products showing good market acceptance
- Asian environment similar to Australia
- Revenue affected by currency movement
- Operational improvements assist profitability in all markets

BPO Strategies

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- Development of outsourcing
- Costs down initiative
- New products
- Tender activity
- Growing acceptance of outsource model in Asia

OVERVIEW OF FINANCIAL RESULTS

Ashley Fenton
Chief Financial Officer

February 2003

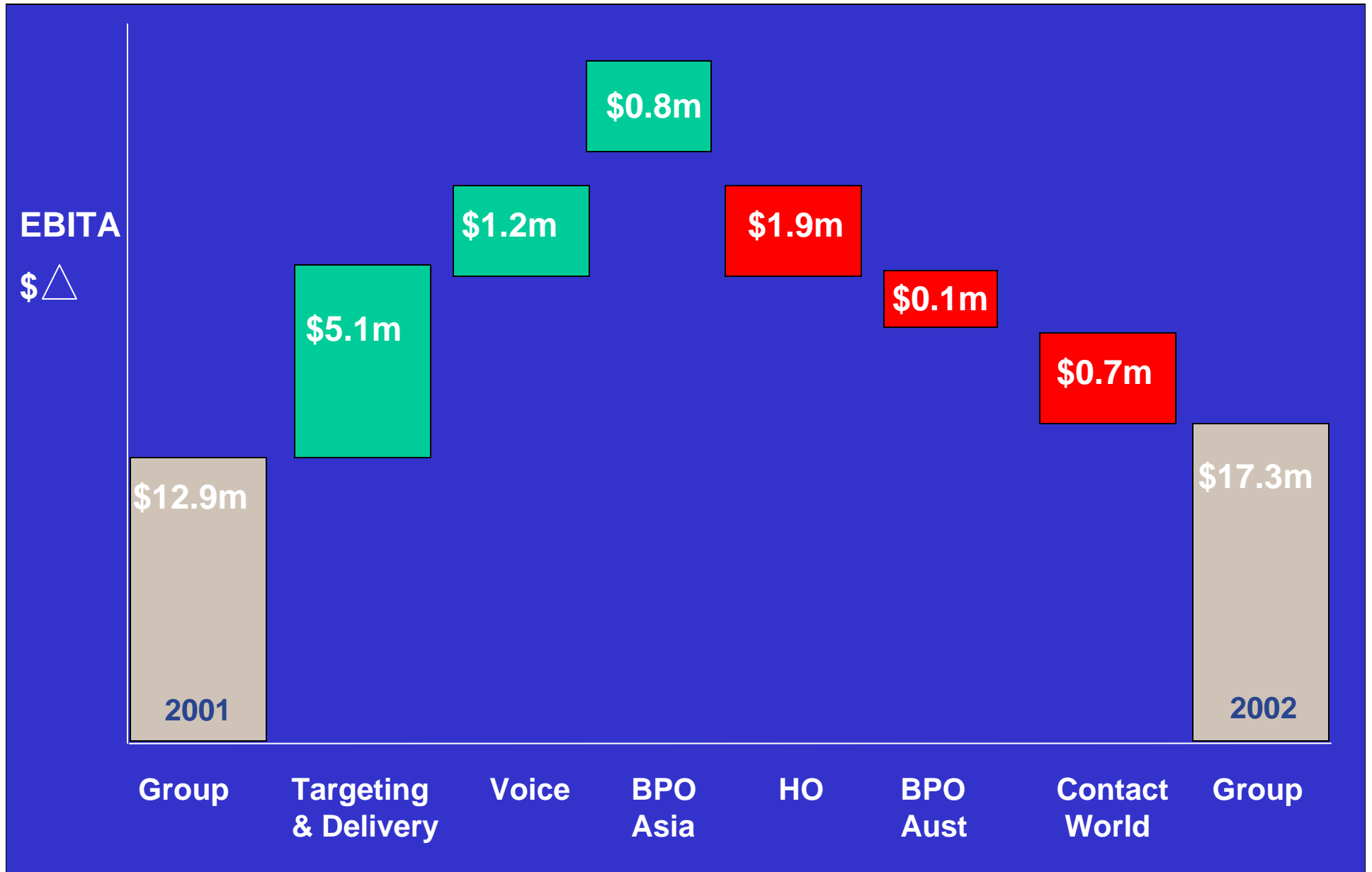
Financial Summary

SALMAT

	2002 \$m	2001 \$m	Change	
Sales Revenues	141.6	138.8	2.0%	↑
EBITDA	23.8	20.7	14.8%	↑
Depreciation	-6.5	-7.8		
EBITA	17.3	12.9	33.7%	↑
Goodwill Amortisation	-0.9	-0.8		
EBIT	16.4	12.1	35.5%	↑
Interest	-0.8	-1.6		
Profit Before Tax	15.6	10.5	48.7%	↑
Tax Expense	-6.1	-4.5		
Profit After Tax	9.5	6.0	57.2%	↑
EBITDA Margin	16.8	14.9	1.9%	↑
EBITA Margin	12.2	9.3	2.9%	↑
Earnings per share	8.1c			

EBITA Growth - 34%

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Cashflow

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	HY 02
	\$m
EBITDA	23.8
Interest	(0.8)
Tax Paid	(4.4)
Working Capital Change	(7.6)
Net Operating Cashflow	11.0
Capex (net)	(3.8)
JV Funding	(1.5)
Net Investing Cashflow	5.7
IPO Proceeds	25.0
IPO Costs	(4.4)
Dividends (pre IPO)	(2.0)
Other Loan Repayments	(0.5)
Debt Repayments	(28.6)
Net Cash Movement	(4.8)

Balance Sheet

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	Dec 02	Proforma
	\$m	\$m
Net Working Capital	11.7	3.9
Fixed Assets	36.4	39.1
Goodwill	28.6	28.8
Tax & Other Provisions	(7.0)	(7.2)
Capital Employed	69.7	64.6
Net Cash (Debt)	0.7	(2.5)
Shareholders Equity	70.4	62.1

Operating Highlights

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TARGETING & DELIVERY

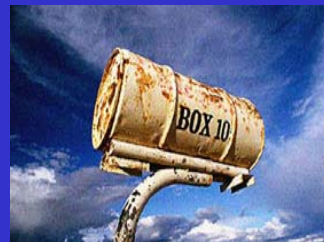
Key KPIs

Revenue Growth ↑ 13%

Volumes 1.7bn ↑ 13%

Costs ↑ 5.8%

- Solid revenue growth in all Australian markets
- Volume increase driven by strong retail and shift to direct marketing
- Substantial improvement in fulfilment, efficiency & cost reductions



Targeting & Delivery

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	2002 \$m	2001 \$m	Change
Sales Revenues	68.4	60.5	13.0%
EBITDA	15.8	10.8	46.1%
<i>EBITDA Margin</i>	<i>23.1%</i>	<i>17.8%</i>	
EBITA	15.2	10.1	50.9%
<i>EBITA Margin</i>	<i>22.2%</i>	<i>16.7%</i>	

- Volumes drive revenue growth - 1.7bn up 13%
- Increased frequency of deliveries >70% of volume growth
- Staff costs held flat - Fulfilment efficiencies - \$700k

Operating Highlights

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VOICE

Key KPIs

Revenue ↓ 29%

Costs ↓ 31%

- H1 result impacted by lower major customer volumes
- Prior year restructuring results in improved profit despite lower revenues
- Telstra contract for inbound work - Bundaberg/Wagga



Voice - Australia

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	2002 \$m	2001 \$m	Change
Sales Revenues	8.0	11.3	-29.4%
EBITDA	-1.5	-2.4	35.6%
<i>EBITDA Margin</i>	<i>-18.7%</i>	<i>-21.2%</i>	
EBITA	-2.2	-3.4	35.5%
<i>EBITA Margin</i>	<i>-27.5%</i>	<i>-30.1%</i>	

- Restructuring benefits and ongoing labour management deliver \$0.9m of cost reduction

Operating Highlights

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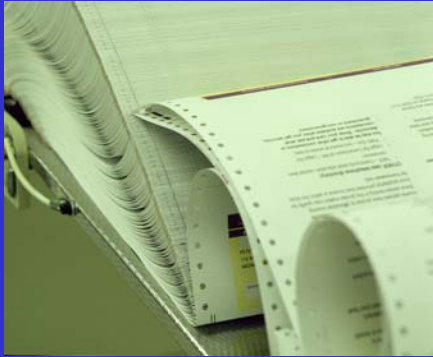
VOICE - ASIA

- Improving penetration into US mainland market
- New strategic alliance with US-based call centre specialist Service Zone Inc.
- Manila call centre expanded
- Loans fully provided for - \$1.5m vs \$0.7m (01)



Operating Highlights

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Key KPIs

Revenue ↓1.7%

Costs 'flat'

BPO - AUSTRALIA

- Difficult sales environment, protracted tender processes, absence of “one-off” assignments
- Increasingly competitive market impacting the pricing of both new & existing business
- Regional sales impacted by competitive market
- Costs held constant

BPO - Australia

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	2002 \$m	2001 \$m	Change
Sales Revenues	55.5	56.5	-1.7%
EBITDA	10.3	10.7	-3.3%
<i>EBITDA Margin</i>	<i>18.6</i>	<i>18.9%</i>	
EBITA	7.5	7.6	-1.2%
<i>EBITA Margin</i>	<i>13.5%</i>	<i>13.4%</i>	

- Pricing pressures - 1.7% reduction

Operating Highlights

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BPO - ASIA

Key KPIs

Revenue ↓8.1%

Costs ↓15.3%

- Philippines, Taiwan & Hong Kong businesses under Salmat control from 01 July 2002
- Operational improvements translating into improved profitability in all markets

BPO - Asia

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	2002 \$m	2001 \$m	Change
Sales Revenues	9.7	10.6	-8.1%
EBITDA	2.0	1.5	34.7%
<i>EBITDA Margin</i>	<i>20.6%</i>	<i>14.2%</i>	
EBITA	0.9	0.1	++
<i>EBITA Margin</i>	<i>9.2%</i>	<i>0.7%</i>	

- Volumes increased by 1.1%
- 3% Sales reduction due to impact of FX - \$400k
- Focus on costs - 15.3% lower

2002/3 Full Year Outlook

Philip Salter
Joint Managing Director

Peter Mattick
Joint Managing Director

CCS - Outlook

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Targeting & Delivery

- H2 softer than H1 - seasonality
- Strong volume growth expected to continue during H2 Price Focus
- Loss of ATO fulfilment

Voice - Australia

- Continued benefits of lower cost base
- Increased outbound Sales
- Bundaberg / Wagga inbound call centres - no significant revenues this FY. Set up costs \$1.7m. Capex \$1.8m. Revenue \$10-15m FY04

Voice - Asia

- Substantial benefits from Service Zone alliance
- Additional funding for growth of \$1-\$2 m

BPO - Outlook

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Australia

- Some one-off work eg PM's mailing
- Major tenders in process
- Expect aggressive pricing to continue
- Cost initiatives to maintain profitability
- Full year expected to be close to last year despite a difficult market

Asia

- Continued benefits to flow from rationalisation & integration into Salmat
- Difficult market conditions continue
- Major HK tender opportunities

Full Year Outlook

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On Track to Meet Prospectus Forecast

	\$m
Sales Revenues	275.5
EBITA	27.4
EBIT	25.9
Profit after Tax	15.9
Profit after Tax *Proforma	16.9
Earnings Per Share	15.9c

To Sum Up

SALMAT

- Benefit of business portfolio
- Strong result in difficult market
- Strength of Targeting and Delivery
- Voice: new contracts to deliver in 04
- Strategic alliance in Asia
- Commitment to prospectus forecasts