

SALMAT

**Full Year Results
30 June 2005**

**PHILIP
SALTER**

**Joint Managing
Director**

**PETER
MATTICK**

**Joint Managing
Director**


**ASHLEY
FENTON**

**Chief Financial
Officer**

We are the Leader in Customer Communications in Australia



Financial Highlights

- Sales up 24.7% (including Salesforce from 21/1/05)
 - Profit after tax up 29.4%
 - EPS up 29.4%
 - Final dividend up 29% to 9 cents
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Operational Highlights

- **Targeted Media**
 - Over four billion catalogues delivered
- **Business Process Outsourcing**
 - Acquisition of NSW Government Printing Service
 - 5 year, \$40 million contract from card company
- **Contact Centres**
 - Acquisition of Salesforce
- **ClientLogic**
 - First loan repayment of \$2.3 million

The Strategic Goals We Achieved

<i>Our goals for 2004/5</i>	<i>What we achieved</i>
<ul style="list-style-type: none"> ● Satisfactory shareholder returns 	<ul style="list-style-type: none"> ● Earnings per share up 29.4% ● Dividend up 28.6% ● Total shareholder return 30.9%
<ul style="list-style-type: none"> ● Maintain market leadership in Targeted Media and Business Process Outsourcing 	<ul style="list-style-type: none"> ● Maintained market leadership in both businesses
<ul style="list-style-type: none"> ● Achieve sufficient scale in Contact Centres to achieve positive EBITA 	<ul style="list-style-type: none"> ● Contact Centres EBITA \$3.3 million ● Salesforce acquisition gave us market leadership
<ul style="list-style-type: none"> ● Invest in new technology to enhance product and service offerings 	<ul style="list-style-type: none"> ● MarketDisk introduced by Targeted Media ● New call centre technology acquired ● Print on demand technology acquired ● BPO laser and mail platform refresh
<ul style="list-style-type: none"> ● Make selective acquisitions which complement our business 	<ul style="list-style-type: none"> ● Acquired Salesforce ● Acquired NSW Government Printing Service

Group Result

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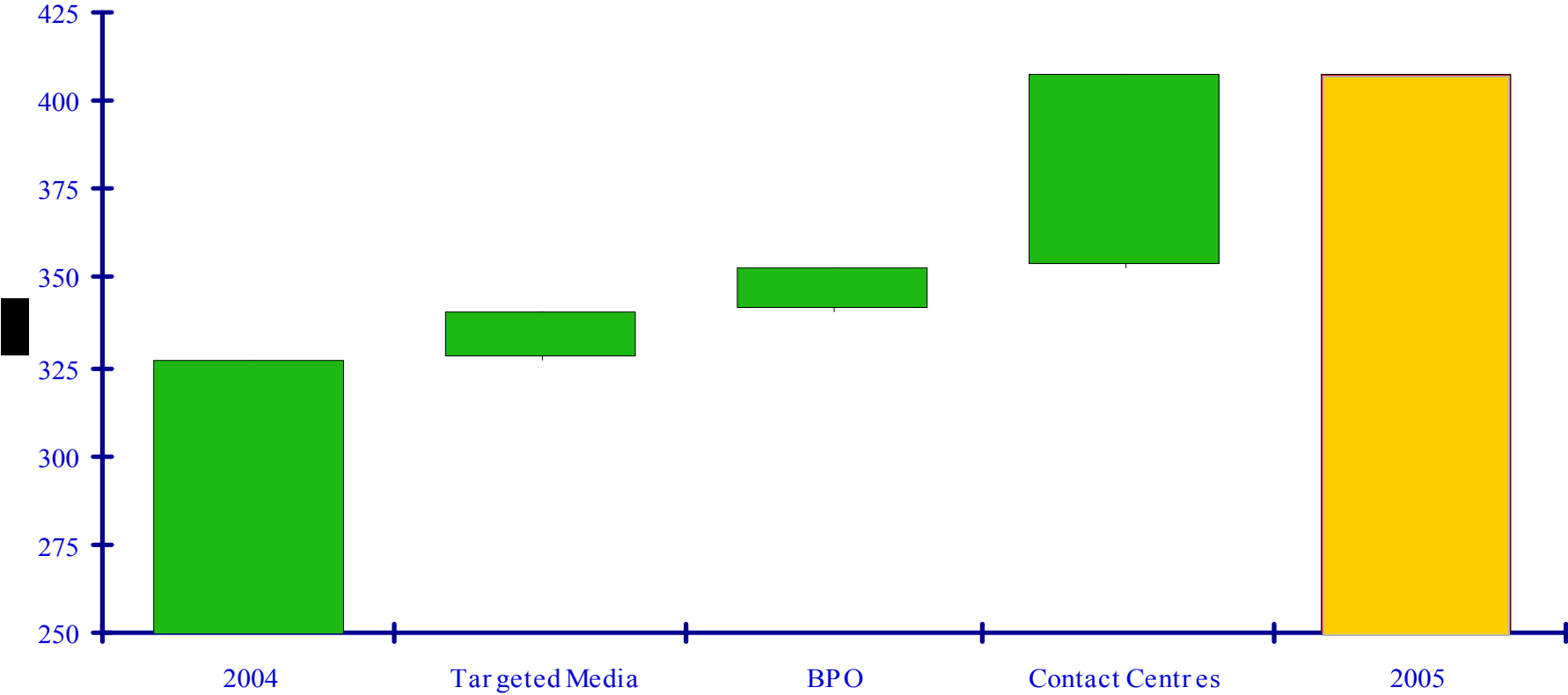
<i>Year ended 30 June (\$m)</i>	<i>2005</i>	<i>2004</i>	<i>Increase</i>
SALES	407.5	326.9	24.7%
EBITDA	60.0	46.7	28.6%
Depreciation	15.3	10.9	
EBITA	44.7	35.8	24.9%
Amortisation	(5.6)	(5.1)	
Interest	(0.7)	0.7	
Tax expense	(11.3)	(10.4)	
Profit after tax	27.1	21.0	29.4%
Final dividend (cents)	9.0	7.0	28.6%
Earnings per share	23.3	18.0	29.4%

Significant Items

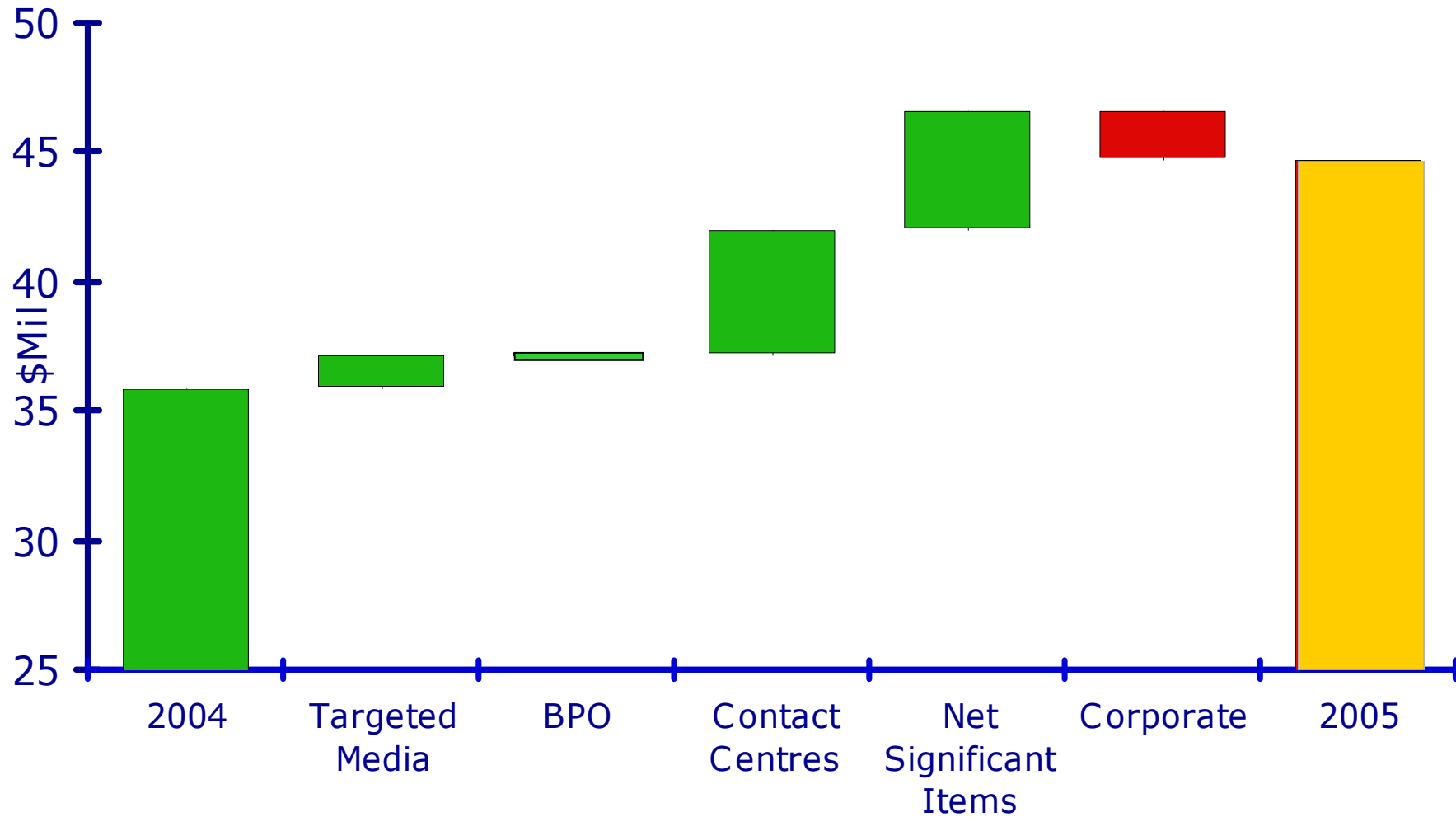
<i>Year ended 30 June 2005</i>	<i>\$ million</i>	<i>\$ million</i>
First half		
Release of provision against ClientLogic loan	2.0	
Write-down of software assets	(2.2)	
Total for first half		(0.2)
Second half		
Release of provision against ClientLogic loan	3.4	
Restructuring and integration costs	(1.0)	
Write-down of software assets	(0.1)	
Total for second half		2.3
Total for the year ended 30 June 2005		2.1



Revenue up 24.7%



EBITA up 24.9%



Cash Flow

<i>Year ended 30 June (\$M)</i>	<i>2005</i>	<i>2004</i>
NET OPERATING CASH FLOW	31.2	27.4
Net capital spend	(16.0)	(10.6)
FREE CASH FLOW	15.2	16.8
Acquisitions	(65.0)	(2.0)
Joint venture funding	(1.9)	(4.3)
Dividends	(15.7)	(12.2)
Bank borrowings	64.5	0.3
Other	0.9	0.0
Net cash movement	(2.0)	(1.4)

13.9%



<i>Net (debt) / cash position</i>	<i>(52.6)</i>	<i>14.2</i>
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Balance Sheet

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As at 30 June (\$m)	2005	2004
Goodwill	80.2	26.5
Fixed Assets	39.9	36.4
Other Net Assets	26.4	4.3
Net cash / (debt)	(52.6)	14.2
Shareholders Equity	93.9	81.4
Return on capital	33%	47%
Net debt to equity	56%	-
Gearing	36%	-

IFRS – FY05 Impact on Profit

Impact on Profit	\$m
Net profit before tax	38.4
Share based payments	(0.4)
Goodwill	5.4
Intangibles in Salesforce	(0.7)
Other	(0.1)
Adjusted net profit before tax	42.6

* The net transitional adjustments that will arise from the change in method of accounting for income taxes from an income statement approach to a balance sheet approach has not been finalised

Targeted Media


Key Results

- Sales up 9.3% to \$169.0 million
- EBITA up 3.8% to \$36.0 million
- Delivered over 4 billion advertising catalogues

Key Issues

- Print capacity constraints
- Increased freight costs

Focus

- Broaden customer base
 - Local sales strategy
 - Price/freight recovery
 - Cost/system efficiencies
 - Maintain market leadership
- 

Business Process Outsourcing

Key Results

- Sales up 9.0% to 141.3 m
- EBITA flat at \$13.7 million
- Commenced work for ANZ Bank
- Acquired NSW Government Print
- Won \$40 million, 5 year contract
- StreamServe taken up by 3 major customers

Key Issues

- Continued pricing pressures
- Closure of Plastic Wrap operations

Focus

- Strong new business pipeline
 - Print on Demand strategy
 - Asian expansion
 - Ongoing cost control
- 

Contact Centres


Key Results

- Sales up 128.1% to \$97.2 million
- EBITA positive at \$3.4 million
- Salesforce acquisition
- Philippines JV maiden profit of \$2.5 million, loan repayments of \$2.3 million

Key Issues

- Internal focus during integration of Salesforce
- Drive margins through scale

Focus

- Leverage available seats to increase utilisation
 - New service offering - optimisation
 - Technology enhancements – intelligent routing
 - Expanding the Philippines opportunity
 - Order pipeline
- 

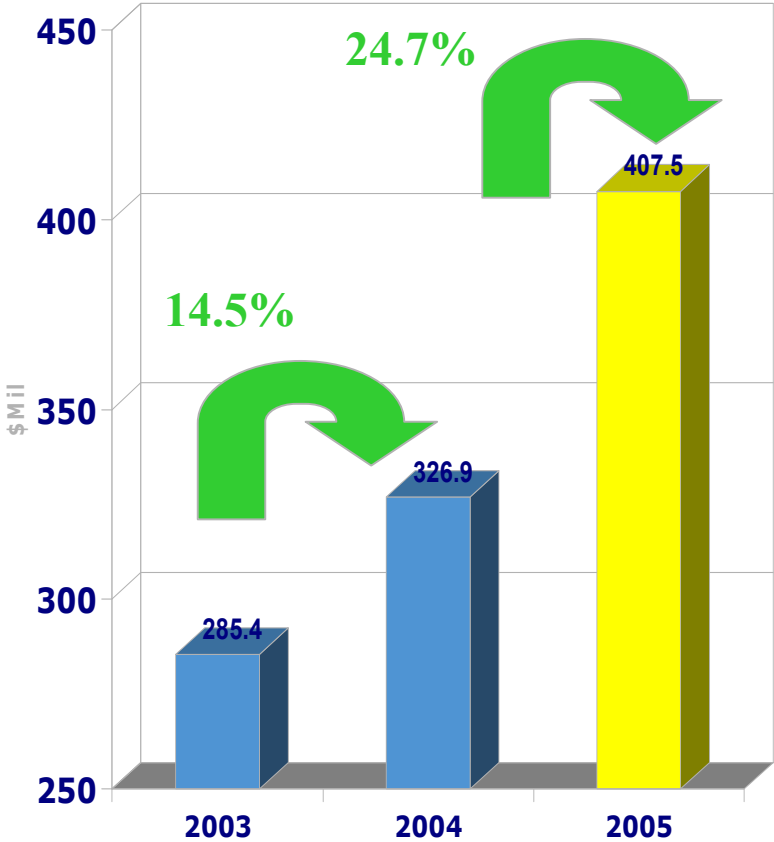
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Appendices

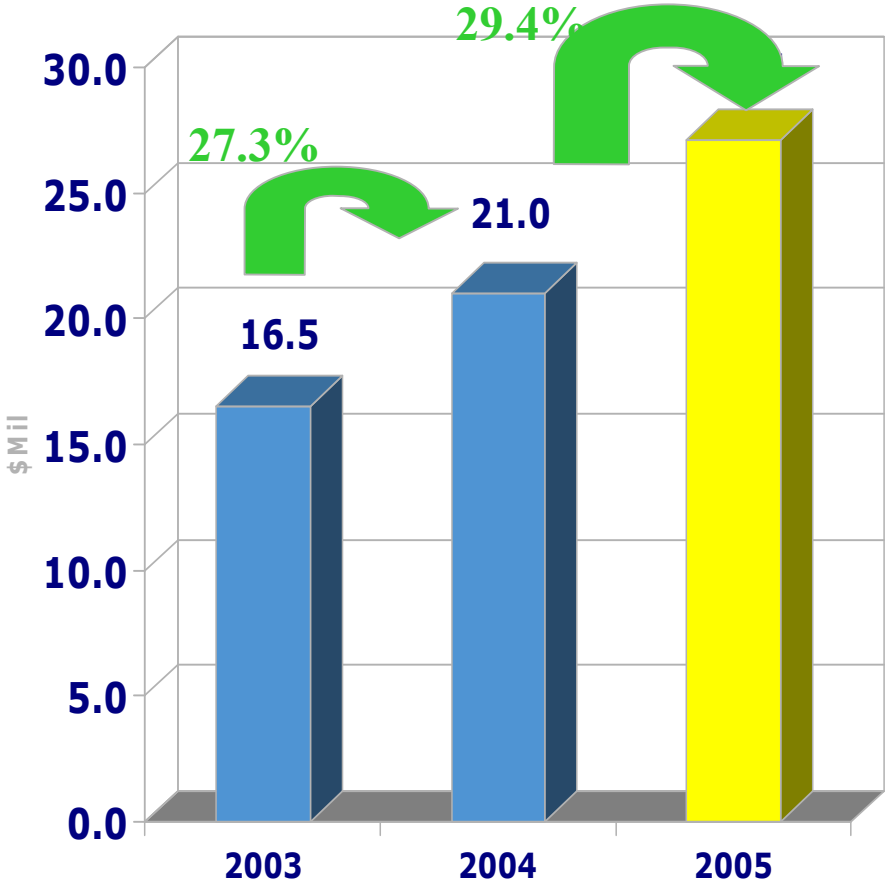
Revenue and Profit Growth FY03 to FY05



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PROFIT AFTER TAX



Divisional Summary

<i>Year ended 30 June (\$m)</i>	<i>2005</i>	<i>2004</i>	<i>Change</i>
REVENUE			
Targeted Media	169.0	154.7	9.2%
Business Process Outsourcing	141.3	129.6	9.0%
Contact Centres	97.2	42.6	128.2%
GROUP REVENUE	407.5	326.9	24.7%
EARNINGS			
Targeted Media	36.0	34.7	3.7%
Business Process Outsourcing	13.7	13.7	0.0%
Contact Centres	3.4	(1.5)	NMF
Net Significant Items	2.1	(2.5)	NMF
Corporate Centre	(10.5)	(8.6)	(22.1%)
GROUP EBITA	44.7	35.8	24.9%

Restatement of Comparatives

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FY04

FY03

As reported			Adjusted	
Targeted Media	+/-	Fulfillment	Targeted Media	
Sales	160.3	-	5.6	154.7
EBITA	33.8	+	0.9	34.7
Call Centres	+/-	Fulfillment	Contact Centres	
Sales	37.0	+	5.6	42.6
EBITA	-0.6	-	0.9	-1.5

As reported			Adjusted	
Targeted Media	+/-	Fulfillment	Targeted Media	
Sales	135.1	-	8.2	126.9
EBITA	27.9	-	0.2	27.7
Call Centres	+/-	Fulfillment	Contact Centres	
Sales	21.8	+	8.2	30.0
EBITA	-3.5	+	0.2	-3.3

In FY05 we have reclassified our fulfilment division from Targeted Media to Contact Centres. The above information is noted to provide a like for like comparison.

Targeted Media

Catalogue volumes (Mil)

Year ended 30 June (\$m)	2005	2004	Increase
SALES	169.0	154.7	9.2%
EBITDA	37.0	35.3	4.8%
<i>Margin</i>	21.9%	22.8%	(0.9%)
Depreciation	(1.0)	(0.6)	
EBITA	36.0	34.7	3.7%
<i>Margin</i>	21.3%	22.4%	(1.1%)

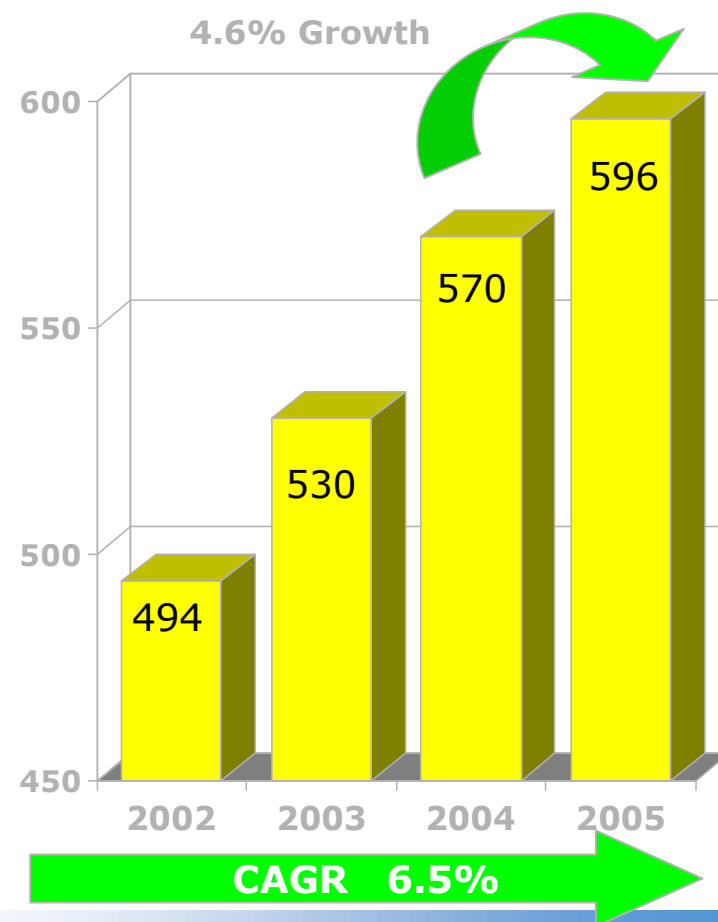


Business Process Outsourcing



Mailpack Volumes – Australia (Mil)

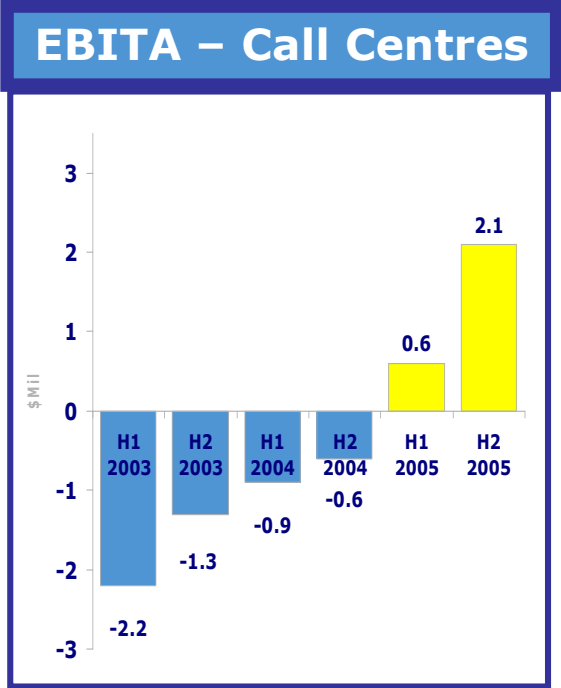
Year ended 30 June (\$m)	2005	2004	Increase / (Decrease)
SALES	141.3	129.6	9.0%
EBITDA	20.4	19.6	4.1%
<i>Margin</i>	14.4%	15.1%	(0.7%)
Depreciation	(6.7)	(5.9)	
EBITA	13.7	13.7	0.0%
<i>Margin</i>	9.7%	10.6%	(0.9%)



Contact Centres



Year ended 30 June (\$m)	2005	2004	Increase
Direct sales and fulfillment	23.8	5.6	325.0%
Call centres	73.4	37.0	98.4%
TOTAL SALES	97.2	42.6	128.2%
TOTAL EBITDA	6.2	(0.2)	NMF
Margin	6.4%	(0.5%)	6.9%
Depreciation	(2.8)	(1.3)	
Direct sales and fulfillment	0.7	(0.9)	NMF
Call centres	2.7	(0.6)	NMF
TOTAL EBITA	3.4	(1.5)	NMF
<i>Direct sales and fulfillment Margin</i>	2.9%	-16.1%	19.0%
<i>Call centres Margin</i>	3.7%	-1.6%	5.3%
Total Margin	3.5%	-3.5%	7.0%

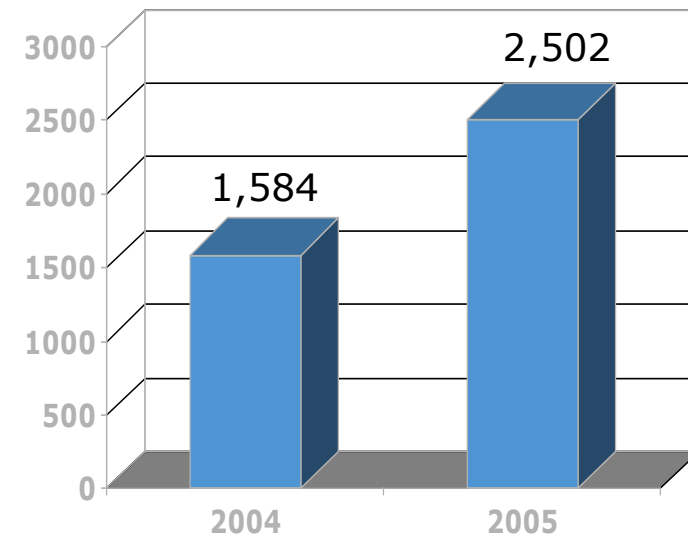


ClientLogic joint venture

Year ended 30 June (\$A m)	2005	2004	Increase
SALES	29.1	16.3	78.6%
EBITA	3.7	(0.3)	NMF
Profit after tax	2.5	(1.1)	NMF

* The above results reflect the performance of the JV. Salmat does not equity account its 49% share, but expects to do so in FY2006 following absorption of remaining \$1.3 million of losses.

Capacity (seats)



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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 are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution 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.