

SALMAT

Half Year Results 31 December 2005



PHILIP SALTER
Joint Managing Director



PETER MATTICK
Joint Managing Director

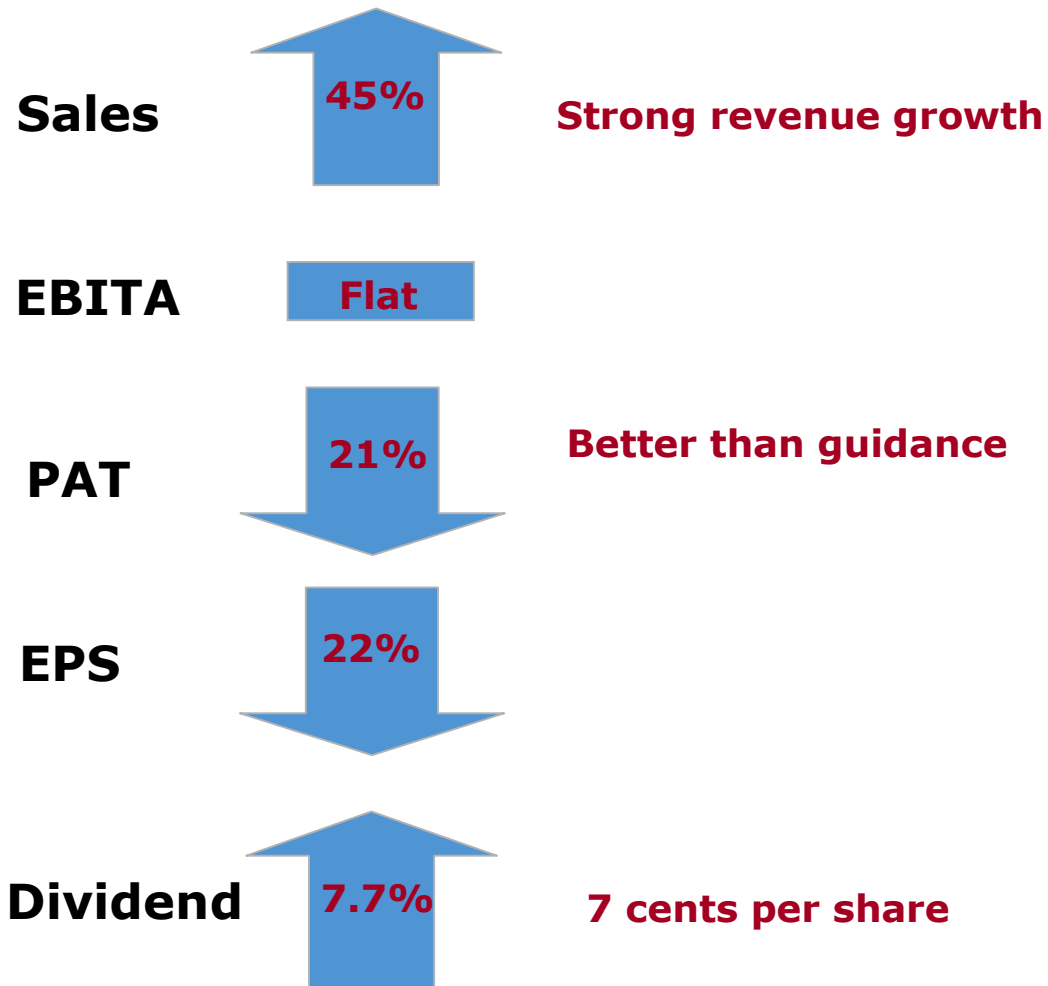


ASHLEY FENTON
Chief Financial Officer

We are the Leader in Customer Communications in Australia

This presentation to be read in conjunction with the speech available at www.salmat.com.au

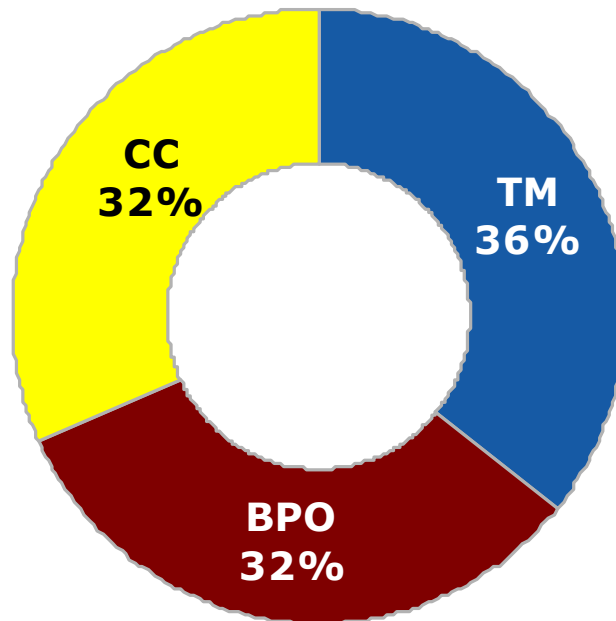
Financial Summary



Key Points

- **Targeted Media**
 - Revenues up 6.4%, EBITA up 8.1%
 - Margins up to 22.7%
- **Contact Centres**
 - Integration of Salesforce substantially complete
 - New customers and seats
 - Increased utilisation driving margin growth
- **ClientLogic Philippines**
 - Equity accounting commenced earlier than anticipated
- **Business Process Outsourcing**
 - EBITA down \$4 million in line with AGM expectations
 - Results impacted by price pressure and higher costs
 - Significant investment in new sites, systems and equipment

Diversified Revenue Base



- **3 Market Leading Businesses**
- **Benefits of diversification**
- **Growth opportunities expanded**

Group Result

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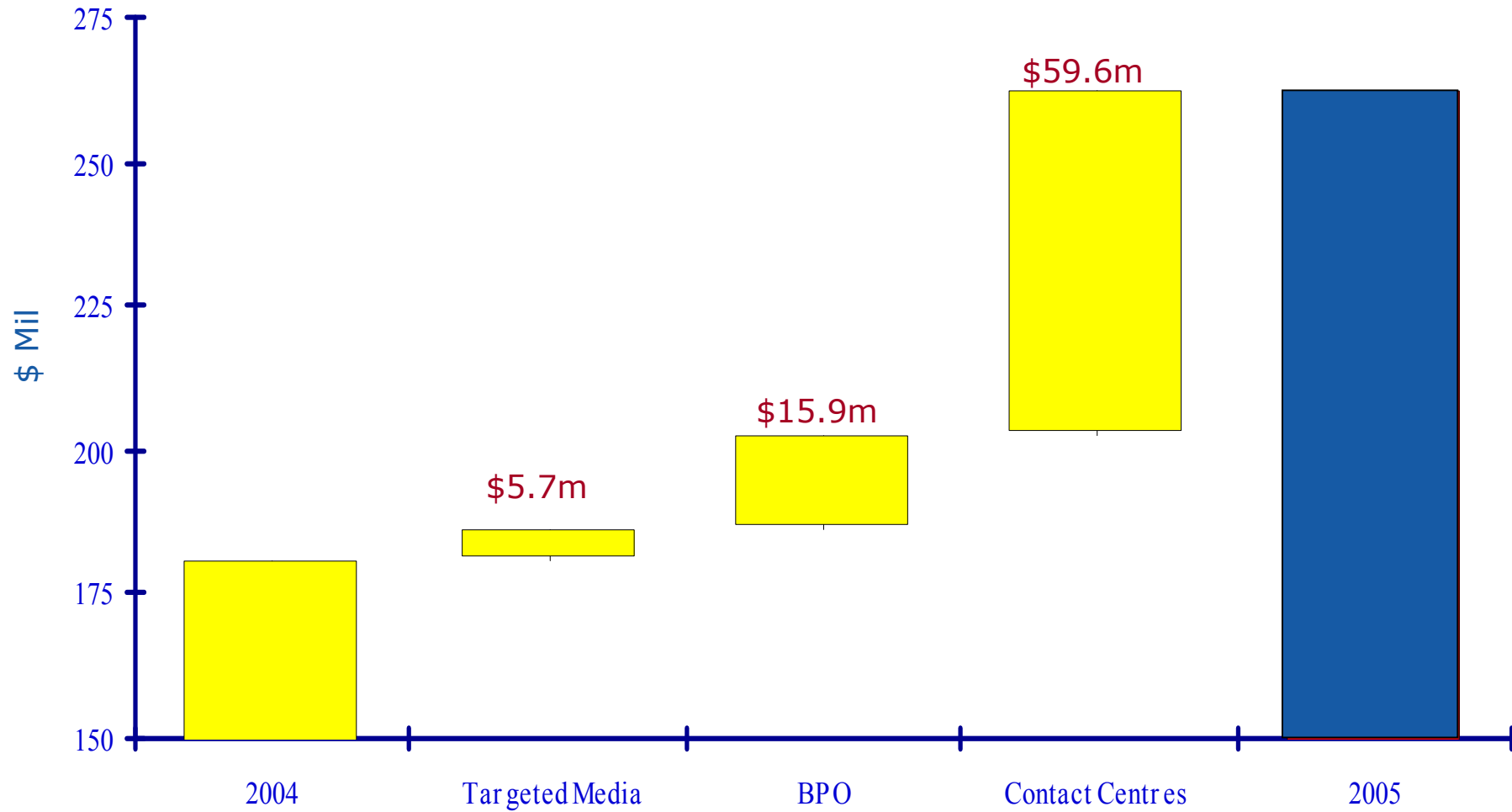
<i>Half year ended 31 December (\$m)</i>	<i>2005</i>	<i>2004</i>	<i>Increase</i>
SALES	262.0	180.8	44.9%
EBITDA	29.7	30.5	-2.6%
Depreciation	(7.4)	(8.4)	
EBITA	22.3	22.1	0.9%
Amortisation	(0.7)	0.0	
Interest	(2.0)	0.4	
Tax expense	(6.5)	(5.9)	
Profit after tax	13.1	16.6	-21.1%
Interim dividend (cents)	7.0	6.5	7.7%
Earnings per share	11.2	14.3	-21.7%

Significant Items (pre-tax)

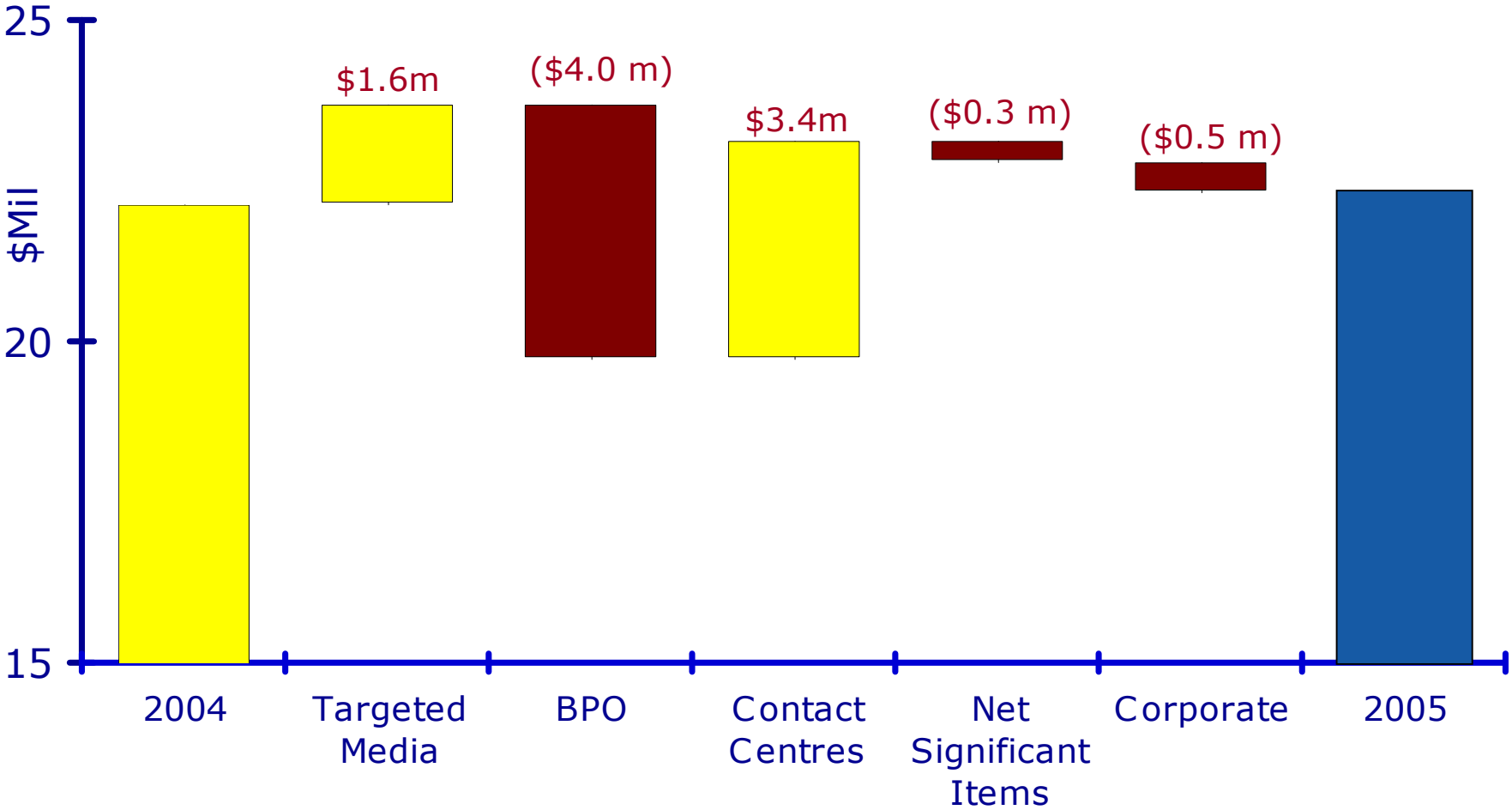
<i>Half year ended</i>	<i>31 Dec 2005</i>	<i>31 Dec 2004</i>
Release of provision against ClientLogic loan	0.5	2.0
Write-down of software assets (depreciation)	0.0	(2.2)
Integration and restructure costs	(1.0)	0.0
Total for the half year	(0.5)	(0.2)

Note – these significant items are included in the Group Result

Revenue up 45%

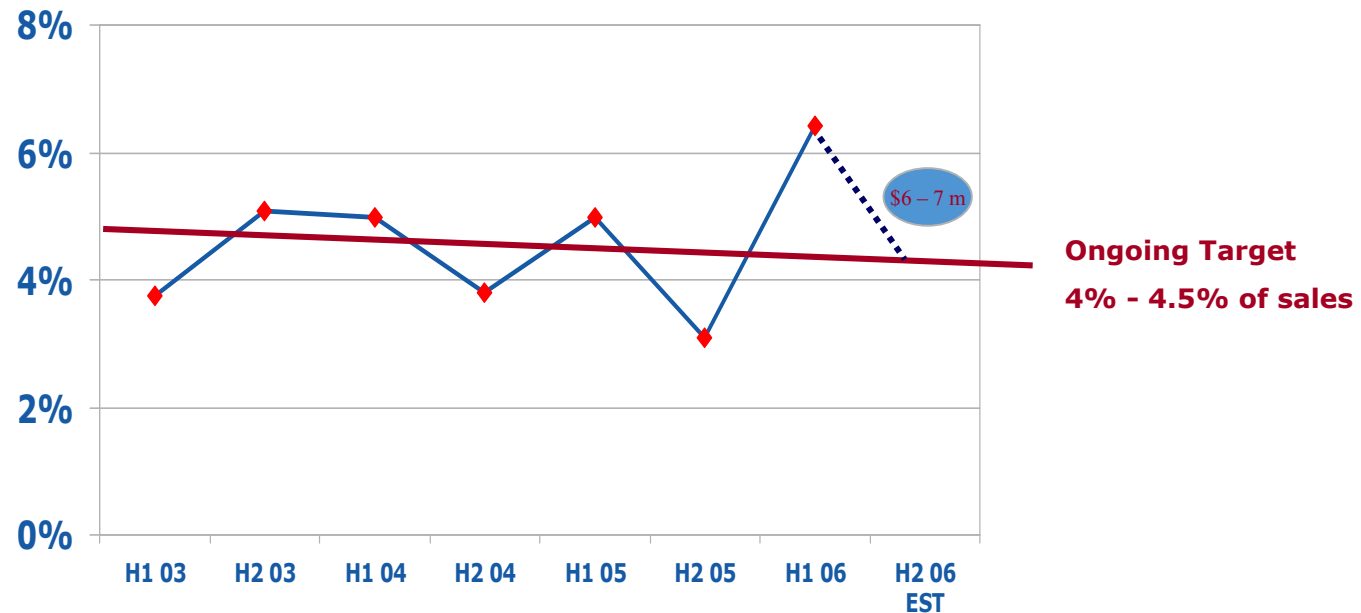


EBITA flat



Capital Expenditure

Net capital expenditure
as a percent of sales

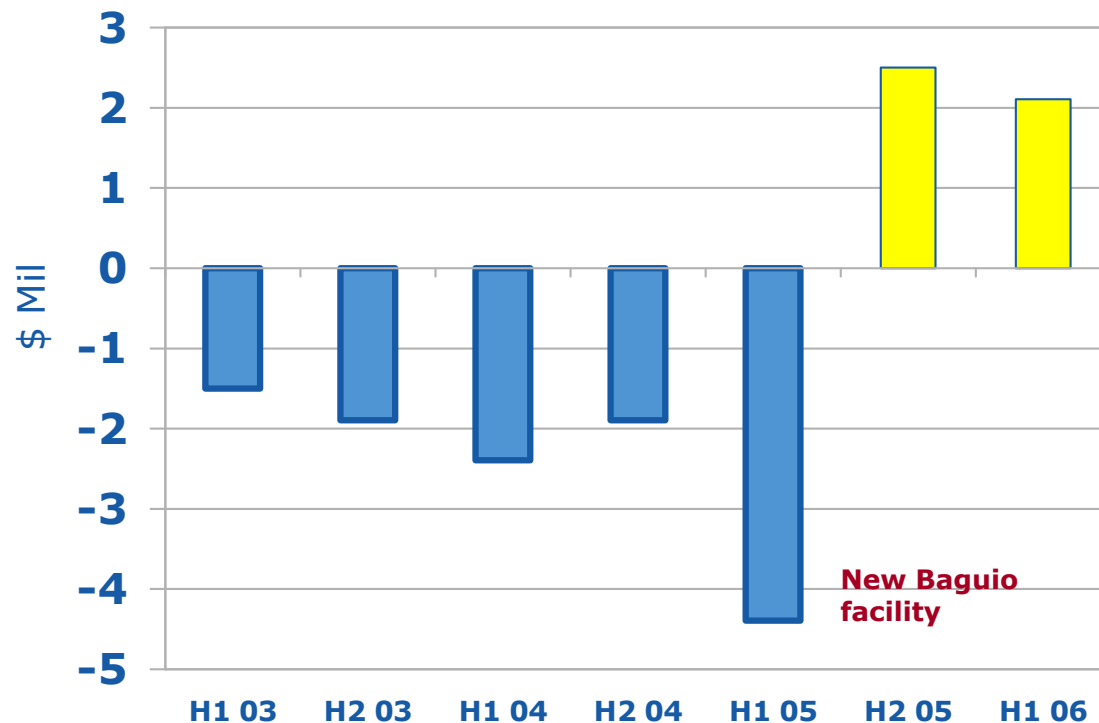


H1 '06 Capex made up of:

- Technology \$6.4 m
- Systems \$1.8 m
- New premises \$5.5 m

Loans Advanced and Repaid - CLP

Cash outflows and inflows from Philippines JV



- Strong cash flow turnaround continues

- \$2.1 million repaid in H1 06

- Outstanding loan balance now \$7.4 million

- Expect \$2.0 million to be repaid in H2 06

Targeted Media

Key Results

- Sales up 6.4% to \$94.1 million
- EBITA up 8.1% to \$21.4 million
- Delivered nearly 2.3 billion items, up 3.9%
- EBITA margin up to 22.7%

Key Issues

- Print capacity constraints
- Freight costs being recovered as contracts renewed

Focus

- Broaden customer base
 - Continued price/freight recovery
 - Maintain market leadership
 - Attract customers to Targeted Media
- 

Business Process Outsourcing

Key Results

- Sales up 23.1% to \$84.8 million
- EBITA down to \$4.0 million
- Australian mailpack volumes 332 million, up 9.2%
- NSW print on demand revenues of \$14 million

Key Issues

- Continued competitive pricing pressures
- Investment to increase productivity and operational capacity
- Integration of NSW print on demand business

Focus

- Ongoing cost control and productivity gains
 - HK moving towards profitability
 - Potential further restructuring
- 

Contact Centres

Key Results

- Sales up 253.6% to \$83.1 million
- EBITA \$3.8 million, up from \$0.4 million
- Philippines JV equity result ahead of schedule

Key Issues

- Integration of Salesforce substantially complete
- Improved utilisation
- Technology roll out

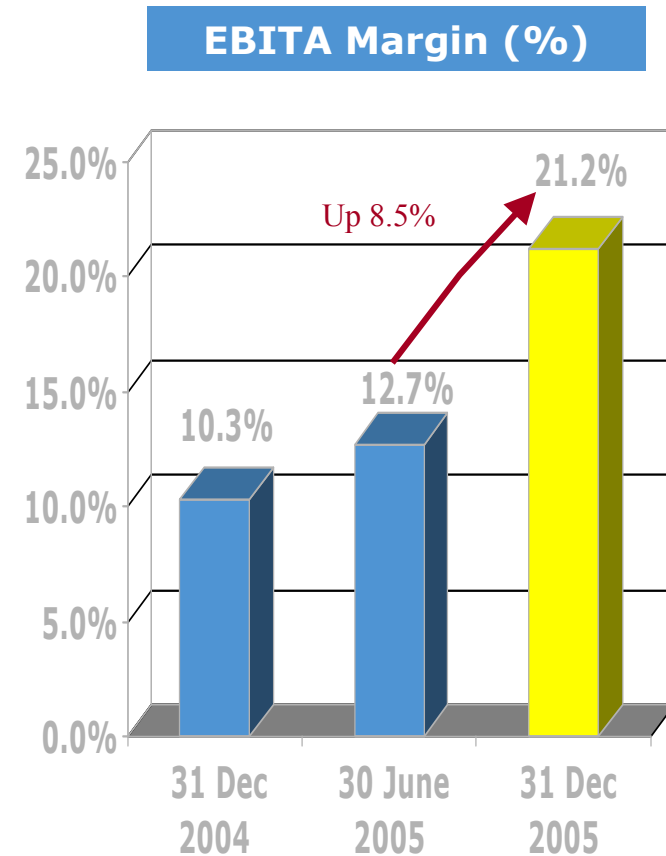
Focus

- Utilisation/available seats
 - Expanding the Philippines opportunity
- 

ClientLogic Philippines Joint Venture

Half year ended 31 Dec (\$A m)	2005	2004	Increase
SALES	19.1	14.7	29.9%
EBITA	4.2	1.6	162.5%
Profit after tax	3.6 *	0.9	300.0%

* Salmat has commenced equity accounting for its 49% share of this result. The current period equity result of \$0.4m is calculated after offsetting all prior accumulated losses.



Our Goals for 2005/06

Continue to generate satisfactory shareholder returns



Maintain market leadership in all three businesses



Grow each business organically



Continue to improve customer service through further investment in technology and new products



Make acquisitions that extend our services and add shareholder value



Sustainable Growth

Outlook

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Subject to the usual caveats:

Second half FY 06

Revenue

growth from all divisions

PAT

broadly in line with first half

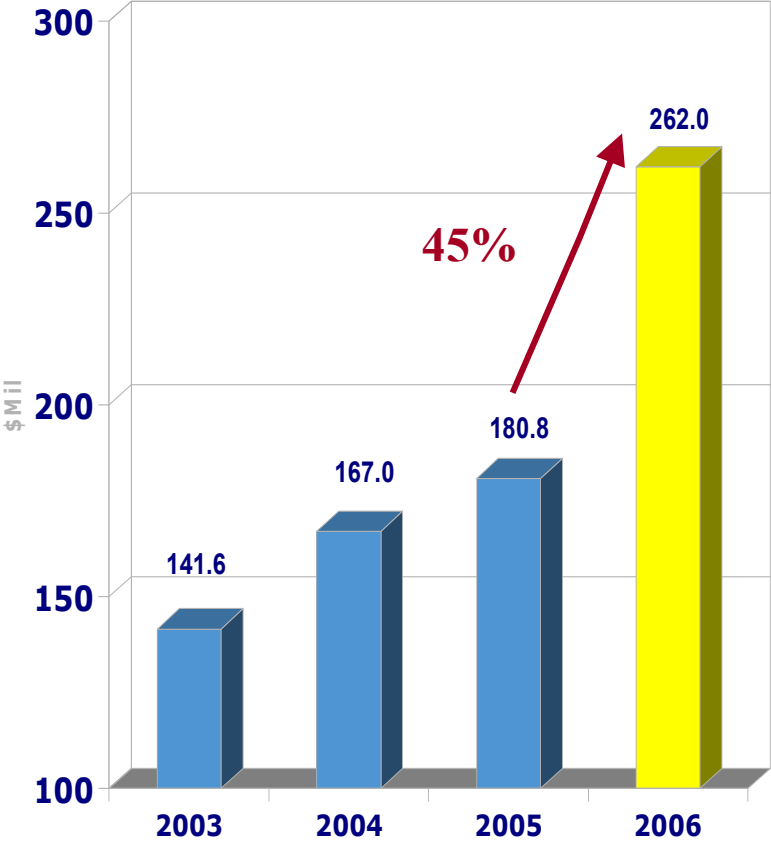
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Appendices

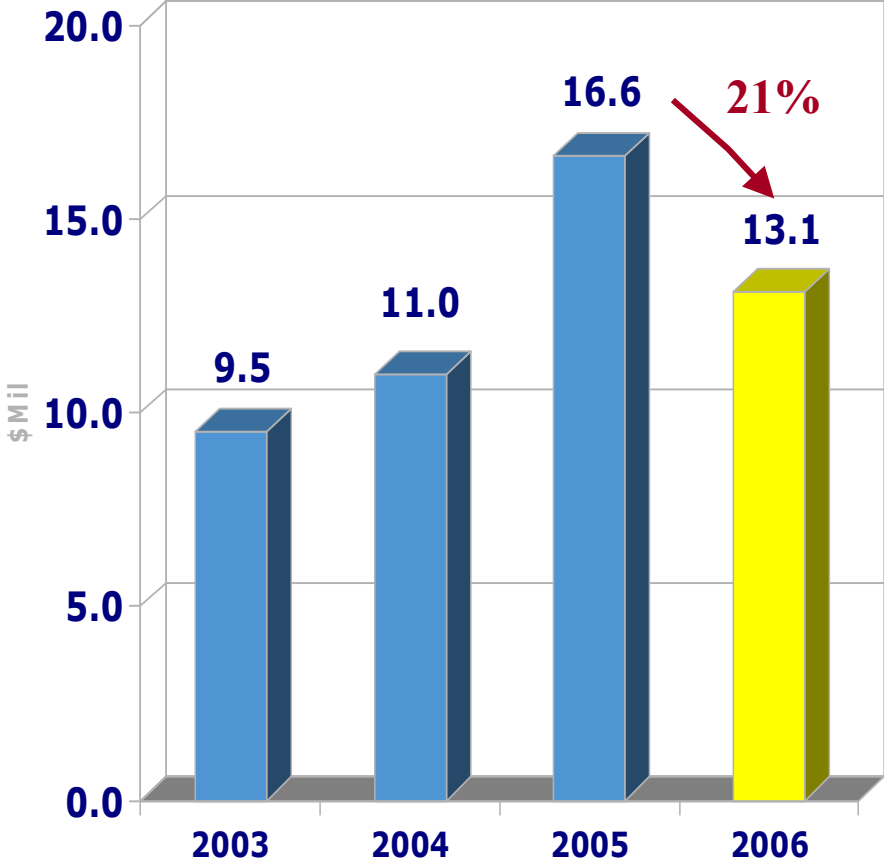
Revenue and Profit Growth H103 to H106



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PROFIT AFTER TAX



Cash Flow

<i>Half Year ended 31 December</i>	2005	2004
NET OPERATING CASH FLOW	12.9	12.9
Net capital spend	(16.8)	(9.0)
FREE CASH FLOW	(3.9)	3.9
Acquisitions	(0.8)	(0.5)
Joint venture funding	2.1	(4.4)
Dividends	(10.5)	(8.1)
Other	0.3	0.5
Net cash movement	(12.8)	(8.6)
<i>Net (debt) / cash position</i>	<i>(65.5)</i>	<i>5.2</i>

Balance Sheet

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As at 31 December (\$m)	2005	2004
Goodwill	84.3	25.7
Fixed Assets	52.6	37.6
Other Net Assets	28.7	20.8
Net cash / (debt)	(65.5)	5.2
Shareholders Equity	100.1	89.3
Return on capital	26.4%	51.6%
Net debt to equity	65.4%	-
Gearing	39.6%	-

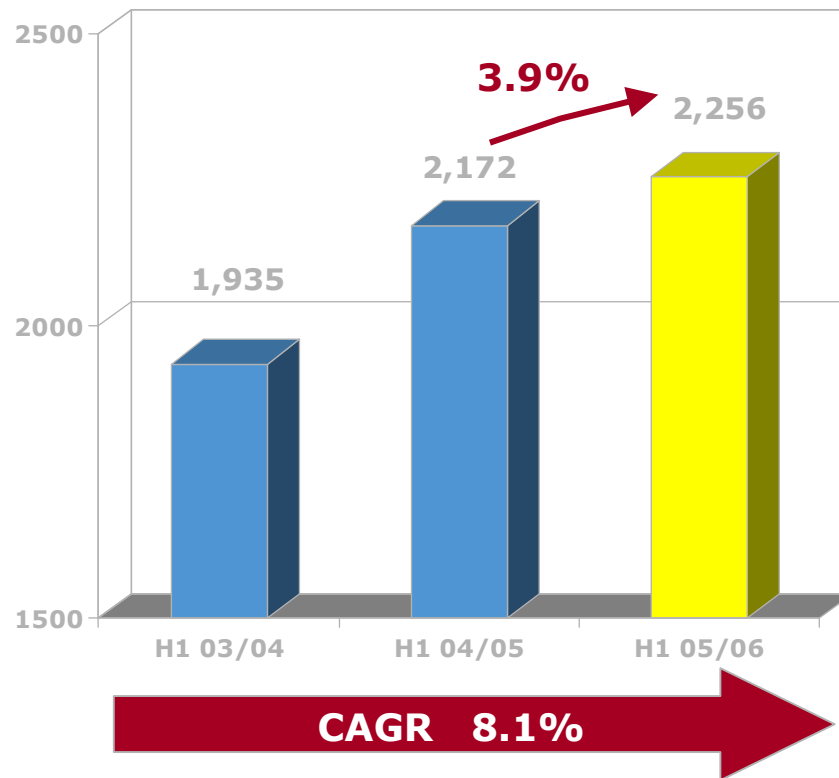
Divisional Summary

<i>Half year ended 31 December (\$m)</i>	<i>2005</i>	<i>2004</i>	<i>Change</i>
REVENUE			
Targeted Media	94.1	88.4	6.4%
Business Process Outsourcing	84.8	68.9	23.1%
Contact Centres	83.1	23.5	253.6%
GROUP REVENUE	262.0	180.8	44.9%
EARNINGS			
Targeted Media	21.4	19.8	8.1%
Business Process Outsourcing	4.0	8.0	(50.0%)
Contact Centres	3.8	0.4	NMF
Net Significant Items	(0.5)	(0.2)	(150.0%)
Corporate Centre	(6.4)	(5.9)	(8.5%)
GROUP EBITA	22.3	22.1	0.9%

Targeted Media

Half year ended 31 Dec (\$m)	2005	2004	Increase
SALES	94.1	88.4	6.4%
EBITDA	21.9	20.3	7.9%
<i>Margin</i>	23.3%	23.0%	0.3%
Depreciation	(0.5)	(0.5)	
EBITA	21.4	19.8	8.1%
<i>Margin</i>	22.7%	22.4%	0.3%

Distribution volumes (Mil)

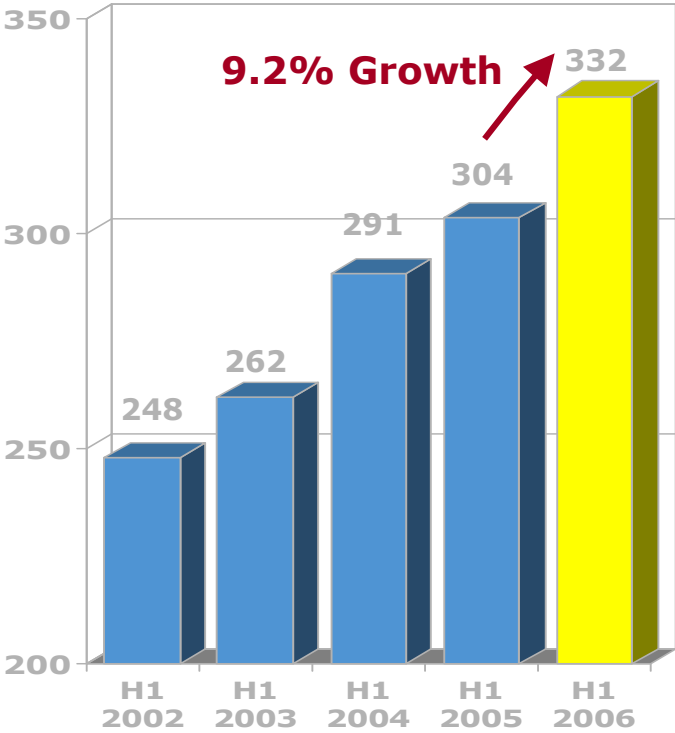


Business Process Outsourcing



Mailpack Volumes – Australia (Mil)

Half year ended 31 Dec (\$m)	2005	2004	Increase / (Decrease)
SALES	84.8	68.9	23.1%
EBITDA	7.5	11.4	(34.2%)
<i>Margin</i>	8.8%	16.5%	7.7%
Depreciation	(3.5)	(3.4)	
EBITA	4.0	8.0	(50.0%)
<i>Margin</i>	4.7%	11.6%	6.9%



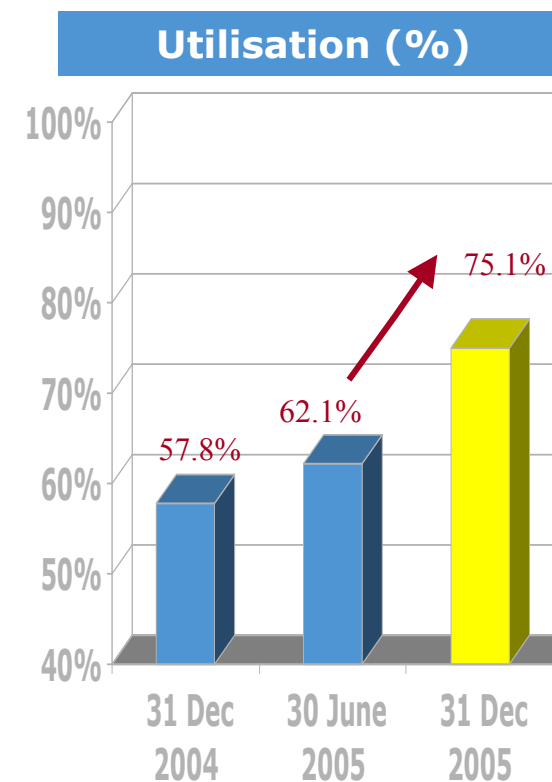
CAGR 7.6%



Contact Centres

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Half year ended 31 December (\$m)	2005	2004	Increase
Direct sales and fulfillment	20.3	3.4	NMF
Call centres	62.8	20.1	NMF
TOTAL SALES	83.1	23.5	NMF
TOTAL EBITDA	5.7	1.3	NMF
Margin	6.9%	5.5%	1.4%
Depreciation	(2.4)	(0.9)	
Direct sales and fulfillment	0.5	(0.1)	NMF
Call centres	2.9	0.5	NMF
CLP equity profit	0.4	0.0	NMF
TOTAL EBITA	3.8	0.4	NMF
<i>Direct sales and fulfillment Margin</i>	2.5%	-2.9%	5.4%
<i>Call centres Margin (excl CLP)</i>	4.6%	2.5%	2.1%
Total Margin	4.6%	1.7%	2.9%



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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.