

SALMAT

Half Year Results 31 December 2006



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 Summary

	Before Significant Items	After Significant Items
Sales		15%
PAT	19%	168%
EPS	18%	30%
Dividend		14% Plus a special dividend of 10 cents per share

Highlights

- Satisfying results – financial and strategic
- Challenging competitive environment
- Realised profit on CLP joint venture
- Invested in strategic acquisitions
- Strong Salesforce result – main growth driver

Group Result

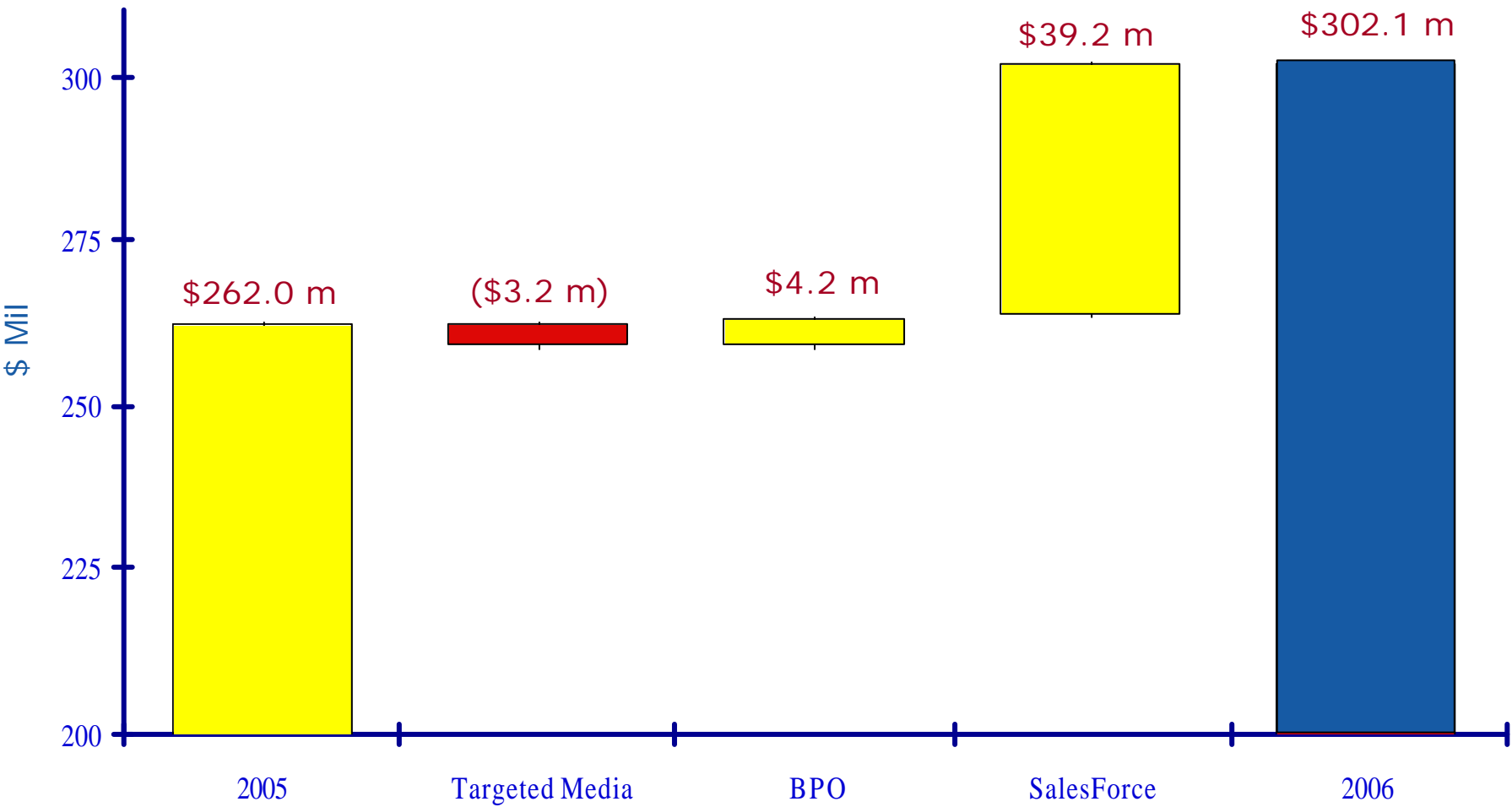
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<i>Half year ended 31 December (\$m)</i>	<i>2006</i>	<i>2005</i>	<i>Increase</i>
SALES	302.1	262.0	15.3%
EBITDA	35.3	30.2	16.9%
Depreciation	(8.4)	(7.4)	
EBITA	26.9	22.8	18.0%
Amortisation	(0.7)	(0.7)	
Interest	(2.8)	(2.0)	
Tax expense	(7.6)	(6.8)	
Profit before significant items	15.8	13.3	18.7%
Significant Items (net)	19.3	(0.2)	
Net profit after tax	35.1	13.1	167.9%
Interim dividend (cents)	8.0	7.0	14.3%
Special dividend (cents)	10.0	0.0	NMF
Earnings per share	29.9	11.2	167.0%

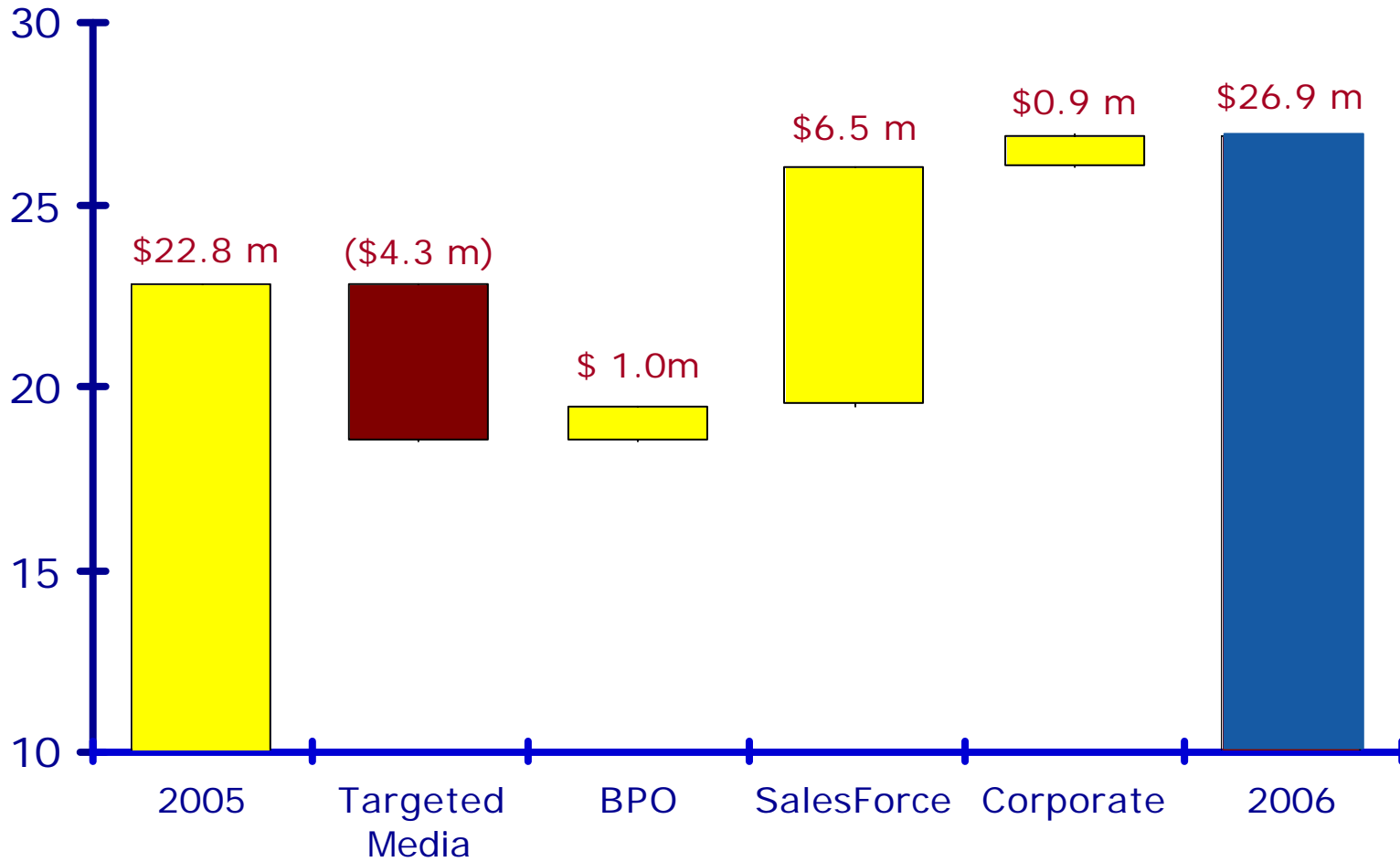
Significant Items (post-tax)

<i>Half year ended</i>	<i>31 Dec 2006</i>	<i>31 Dec 2005</i>
Profit on sale of ClientLogic Philippines	25.0	0.0
Amortisation of Goodwill	(4.5)	0.0
Release of provision against ClientLogic loan	0.0	0.5
Integration and restructure costs	(1.2)	(0.7)
Total for the half year	19.3	(0.2)

Revenue up 15.3%



EBITA up 18.0%



Cash Flow

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<i>Half Year ended 31 December</i>	<i>2006</i>	<i>2005</i>
NET OPERATING CASH FLOW	10.0	12.9
Net capital spend	(8.1)	(16.8)
FREE CASH FLOW	1.9	(3.9)
Acquisitions	(30.6)	(0.8)
Joint venture funding	4.9	2.1
Dividends	(11.1)	(10.5)
Other	0.9	0.3
Net cash movement	(34.0)	(12.8)

Balance Sheet – ongoing strength

As at 31 December (\$m)	2006	2005
Goodwill	105.8	80.9
Other intangible assets	2.1	3.4
Fixed assets	54.5	52.6
Other net assets	72.0	28.7
Net cash / (debt)	(101.9)	(65.5)
Shareholders Equity	132.5	100.1
Net debt to equity	76.9%	65.4%
Gearing	43.5%	39.6%

Targeted Media

Key Results

- Sales down 3.4% to \$90.8 million
- EBITA down 20.1% to \$17.1 million
- Volumes - delivered nearly 2.3 billion items, up 1%
- EBITA margin down to 18.8%

Key Issues

- Competitive market environment

Focus

- Broaden customer base
- Continued non-traditional customer strategy
- Maintain market leadership
- Total accountability model implemented

SalesForce

Key Results

- Sales up 47.2% to \$122.3 million
- EBITA up 171.1% to \$10.3 million
- Seats increased to 3,200 at 93% utilisation

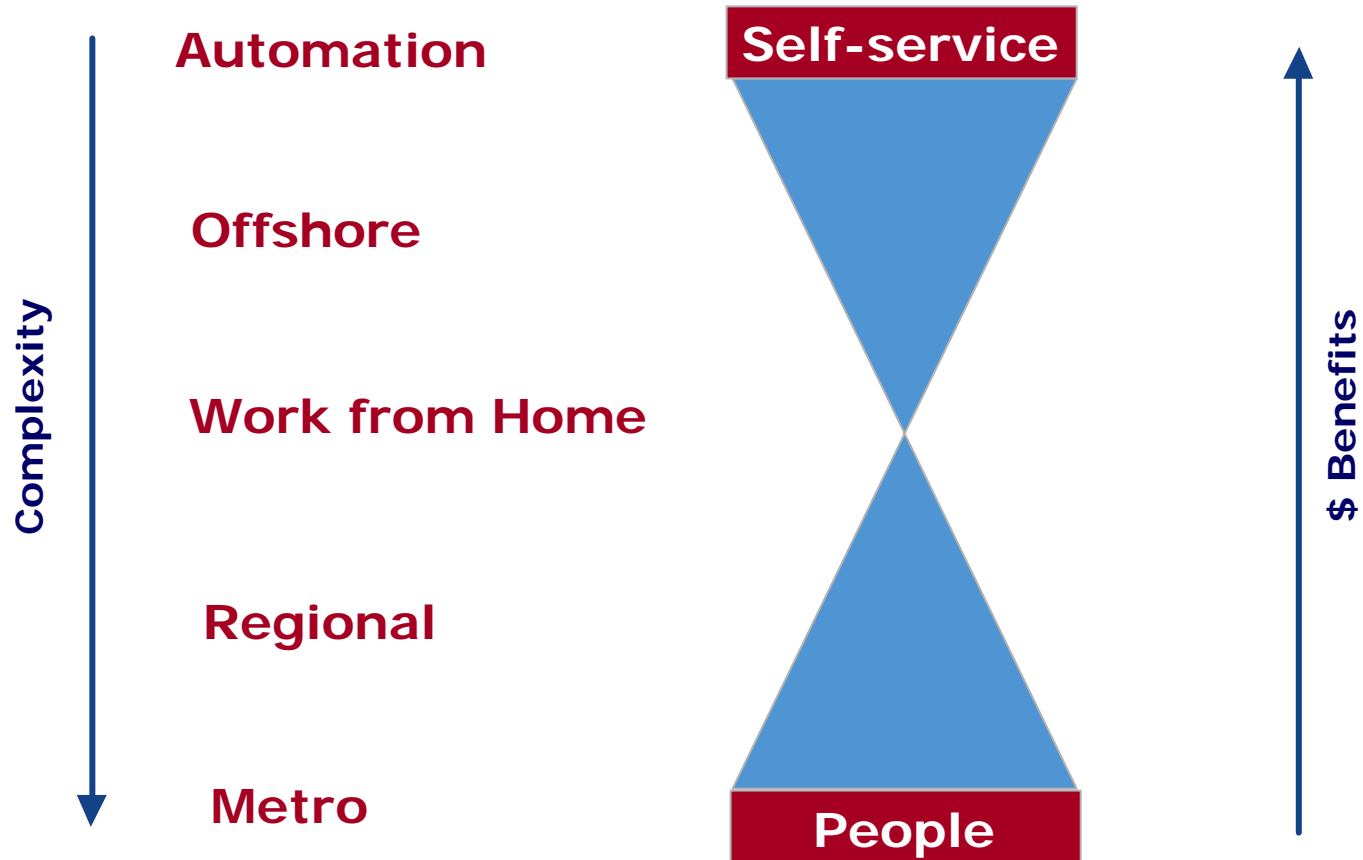
Key Issues

- Improved utilisation – new seats required
- Manage significant growth

Focus

- Utilisation/available seats
- Integration of VeCommerce
- Home agent trial

SalesForce Product Offerings



Business Process Outsourcing

Key Results

- Sales up 4.9% to \$89.0 million
- EBITA up 25% to \$5.0 million
- Digital print-on-demand revenues of \$19.6 million

Key Issues

- Stability in pricing now evident
- Realising benefits of investment in sites, systems and equipment

Focus

- Ongoing cost control and productivity gains
- Asia profitability

Second half FY 07

- Revenue up 11% - 14%
- Seasonally weaker second half, lower than PCP
- No ClientLogic Philippines equity profit of \$1.7 million
- Further restructuring costs
- Short term dilutive impact of recent acquisitions

Full year FY 07

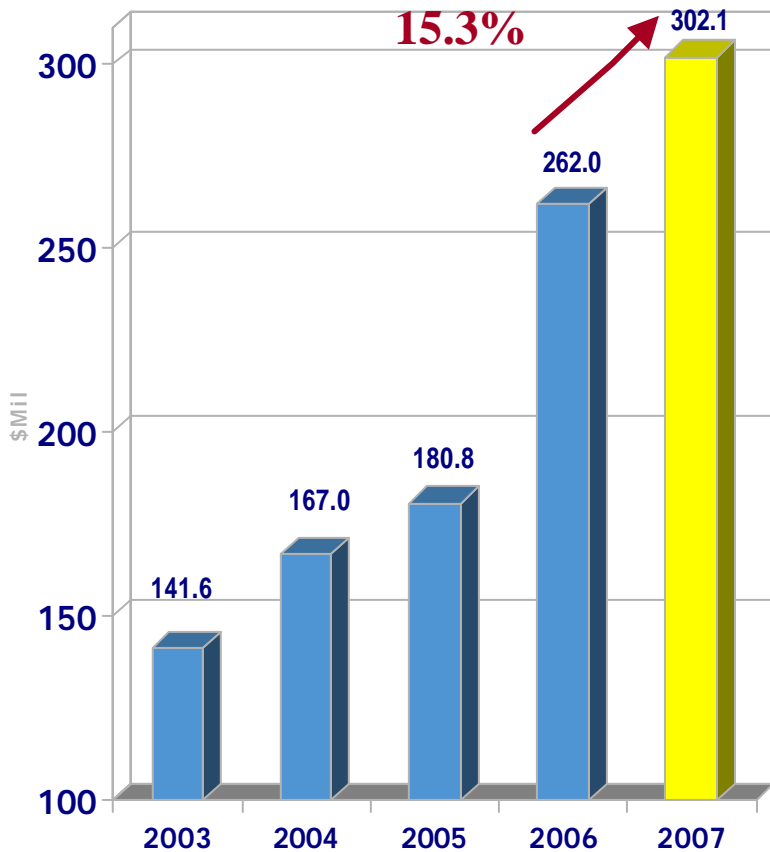
- Net profit before significant items around last year's levels

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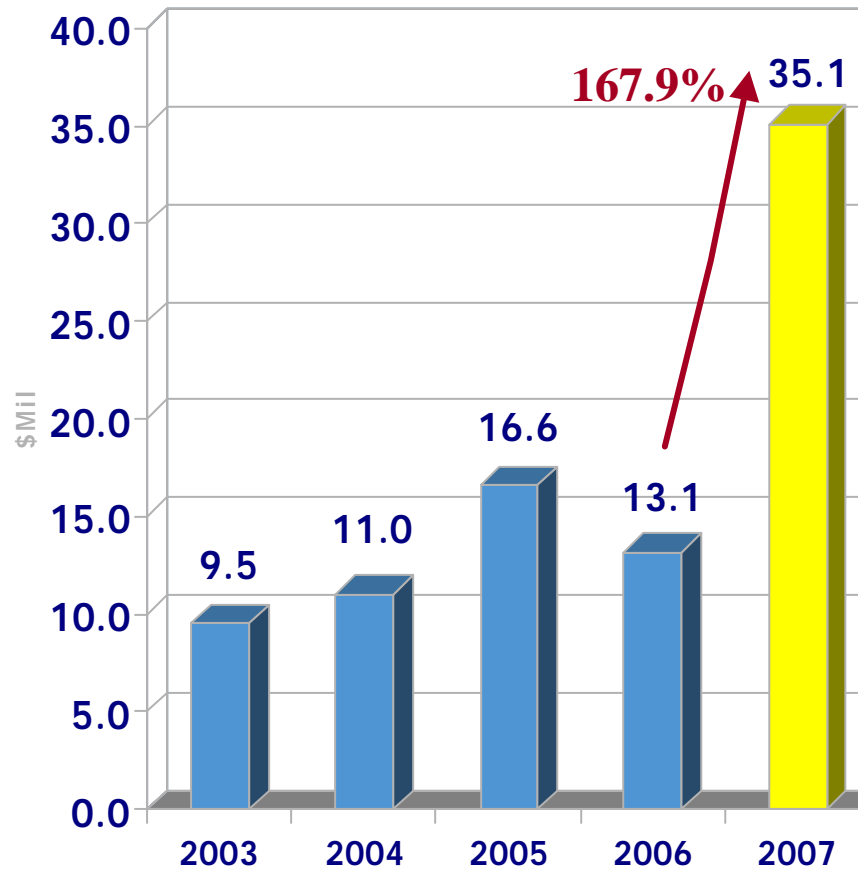
Appendices

Revenue and Profit Growth H103 to H107

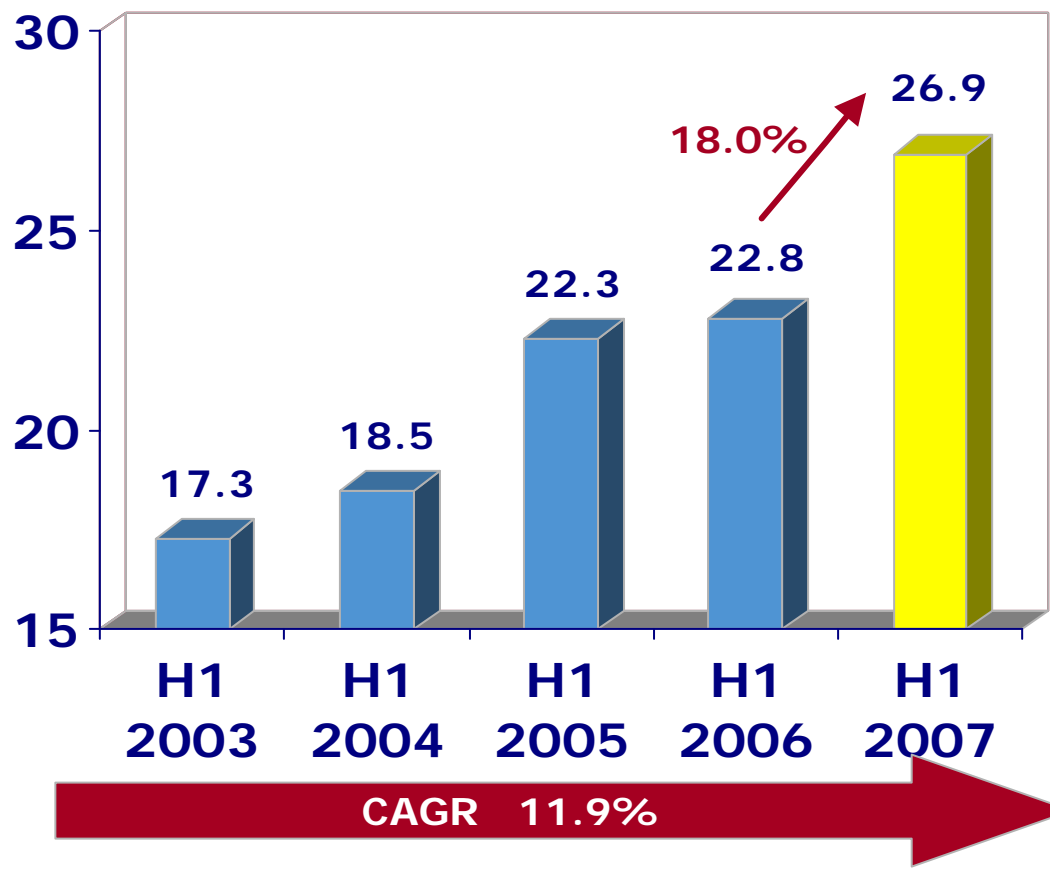
SALES



PROFIT AFTER TAX



Group EBITA pre-significant items



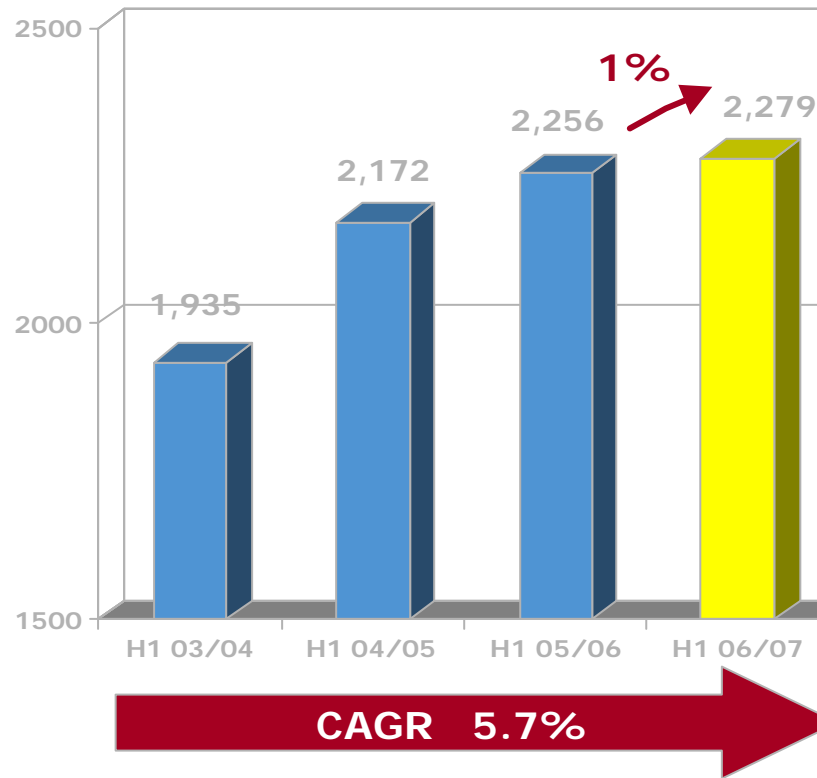
Divisional Summary *(ex significant items)*

<i>Half year ended 31 December</i> <i>(\$m)</i>	<i>2006</i>	<i>2005</i>	<i>Change</i>
REVENUE			
Targeted Media	90.8	94.1	-3.5%
Business Process Outsourcing	89.0	84.8	5.0%
SalesForce	122.3	83.1	47.2%
GROUP REVENUE	302.1	262.0	15.3%
EARNINGS			
Targeted Media	17.1	21.4	-20.1%
Business Process Outsourcing	5.0	4.0	25.0%
SalesForce	10.3	3.8	171.1%
Corporate Centre	(5.5)	(6.4)	14.1%
GROUP EBITA	26.9	22.8	18.0%

Targeted Media

Half year ended 31 Dec (\$m)	2006	2005	Decrease
SALES	90.8	94.1	-3.5%
EBITDA	17.7	21.9	-19.2%
<i>Margin</i>	19.5%	23.3%	-3.8%
Depreciation	(0.6)	(0.5)	
EBITA	17.1	21.4	-20.1%
<i>Margin</i>	18.8%	22.7%	-3.9%

Distribution volumes (Mil)

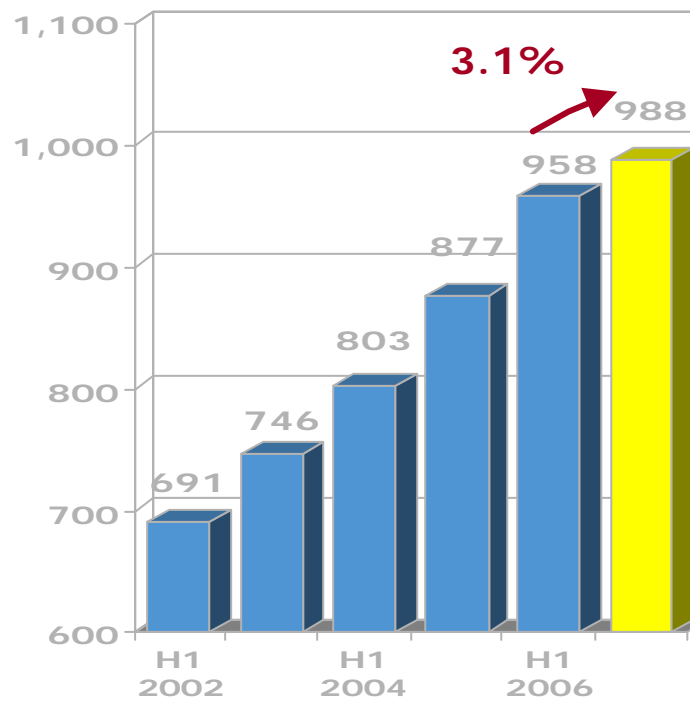


Half year ended 31 December (\$m)	2006	2005	Increase
Direct sales	27.5	20.3	35.5%
Call centres	94.8	62.8	51.0%
TOTAL SALES	122.3	83.1	47.2%
TOTAL EBITDA	11.8	5.7	107.0%
<i>Margin</i>	9.6%	6.9%	2.8%
Depreciation	(2.9)	(2.4)	
Direct sales	2.8	0.5	460.0%
Call centres	6.2	2.9	113.8%
CLP equity profit	1.3	0.4	225.0%
TOTAL EBITA	10.3	3.8	171.1%
<i>Direct Sales Margin</i>	10.2%	2.5%	7.7%
<i>Call Centres Margin (excl CLP)</i>	6.5%	4.6%	1.9%
Total Margin	8.4%	4.6%	3.8%

Business Process Outsourcing

Half year ended 31 Dec (\$m)	2006	2005	Increase
SALES	89.0	84.8	5.0%
EBITDA	9.0	7.5	20.0%
<i>Margin</i>	10.1%	8.8%	1.3%
Depreciation	(4.0)	(3.5)	
EBITA	5.0	4.0	25.0%
<i>Margin</i>	5.6%	4.7%	0.9%

Images – International (Mil)



CAGR 7.4% →

Key Ratios (ex significant items)

ROC 35.5%	PAT margin 5.2%
EBITDA margin 11.7%	Debt to Equity 76.9%
EBITA margin 8.9%	Gearing 43.5%

Our Goals for 2006/07

Continue to generate satisfactory shareholder returns



Maintain market leadership position



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**

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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.