



# Full Year Results to 30 June 2009

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21 August 2009

# Agenda

1. Financial summary - 30 June 2009 results
2. One Salmat
3. Business scorecard update
4. Financial results
5. Business division update
6. Strategic insights
7. Earnings growth focus 2010
8. Outlook

# Financial Summary

	Before Significant Items	After Significant Items
Sales	Up 9.7% to \$890.8 million	
EBITA	Up 34.3%	Up 84.6%
Net Profit After Tax	Up 49.7%	Up 168.2%
Earnings Per Share	Up 141.1%	
Total Dividend	Up 8.1%	

# One Salmat









# Business Scorecard Update

## 2009 Objectives

## YTD Result

## Outcomes

		BusinessForce	 21.2%
All divisions forecasting growth		SalesForce	 6.9%
		MediaForce	 2.2%
Complete HPAL integration		On schedule	
Promote integrated one to one communication service offering		Progressing	
Continue debt reduction		Reduced from \$219.4 to \$167.5 million	
Organic growth and improved productivity		Achieved guidance	
\$75-80 million EBITA for the full year		Achieved \$78 million	
CEO succession process		On schedule	

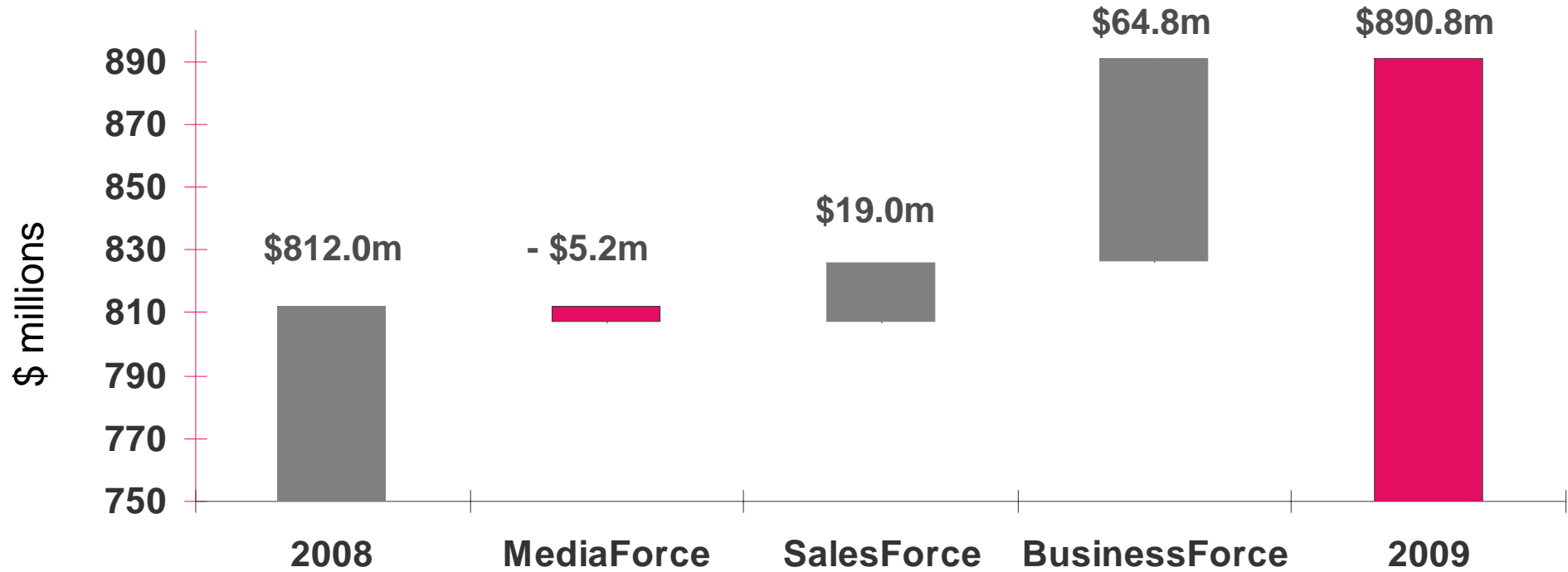
# Group result for year ended 30 June 2009

\$ million	2009	2008	% change
Sales	890.8	812.0	9.7%
EBITDA	101.7	80.0	27.1%
Depreciation	(23.7)	(21.9)	
<b>EBITA</b>	<b>78.0</b>	<b>58.1</b>	<b>34.3%</b>
Share of equity losses	(0.3)	(0.5)	
Amortisation	(11.8)	(8.0)	
Interest	(18.0)	(16.7)	
Tax expense	(14.9)	(10.9)	
Profit before significant items	33.0	22.0	49.7%
Net significant items	1.5	(9.2)	
Net profit after tax	34.5	12.8	168.2%
Final dividend (cents)	11.0	10.5	4.8%
Earnings per share	21.7	9.0	141.1%

# Balance Sheet

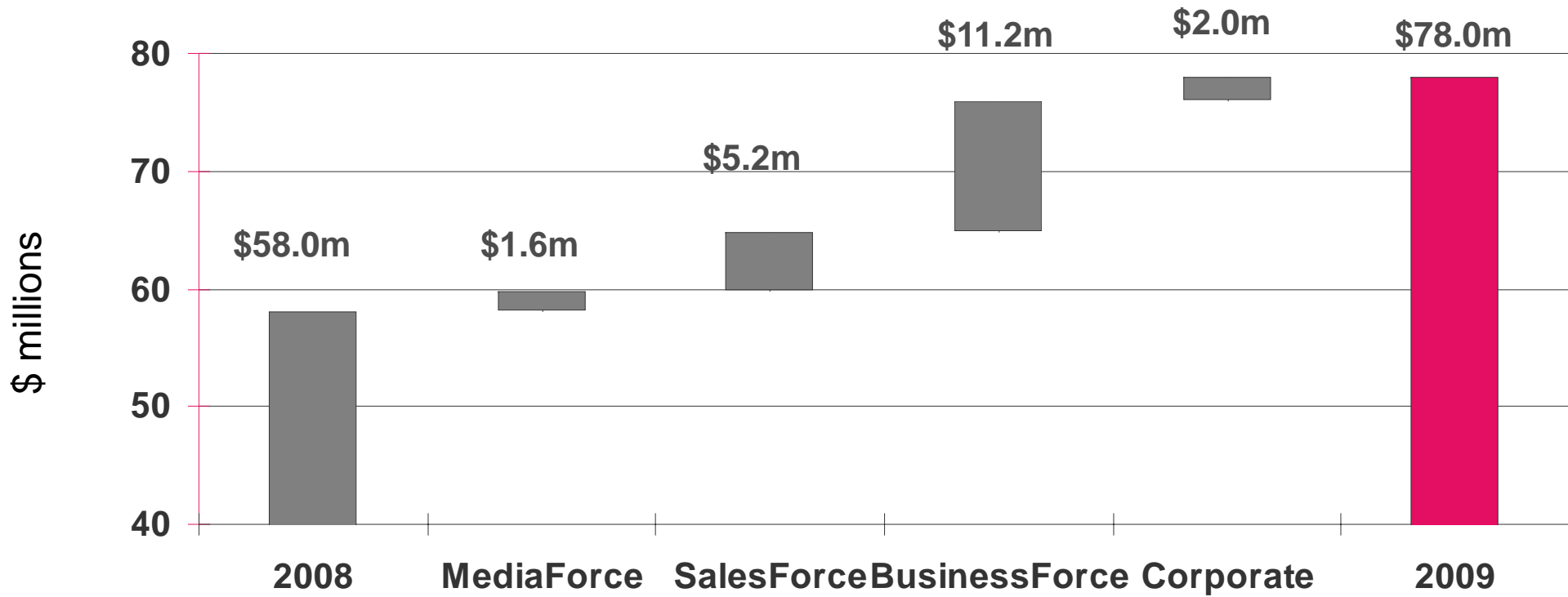
<b>\$ million as at 30 June</b>	<b>2009</b>	<b>2008</b>	<b>Variance</b>
Current assets	174.3	184.3	(10)
Fixed assets	50.0	63.8	(13.8)
Goodwill	365.0	366.3	(1.3)
Other	67.8	77.3	(9.5)
Total assets	657.1	691.7	(34.6)
Current liabilities	137.2	171.0	(33.8)
Non-current liabilities	238.7	237.0	1.7
Total liabilities	375.9	408.0	(32.1)
Equity	281.2	283.7	(2.5)

# Revenue Growth





# EBITA (before significant items) Growth



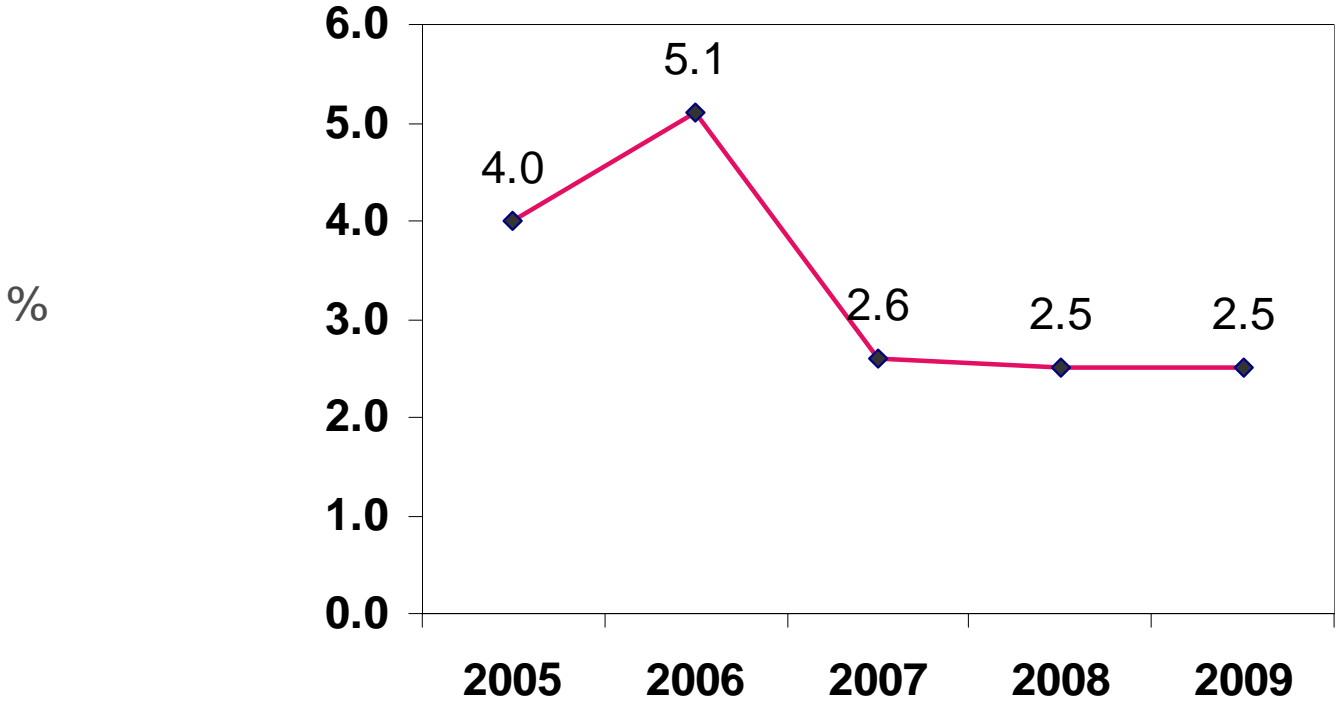
## Significant Items (post tax)

<b>\$ million</b>	<b>2009</b>	<b>2008</b>
Sale and leaseback of properties	4.5	
Reorganisation of HK properties	(3.0)	
Integration, restructure & redundancy	-	(5.8)
New business - Lasoo	-	(5.2)
Other	-	1.8
<b>Total for year</b>	<b>1.5</b>	<b>(9.2)</b>

# Cash Flow

<b>\$ million</b>	<b>2009</b>	<b>2008</b>
Net operating cash flow	80.9	60.6
Net capital spend	(18.0)	(20.2)
Free cash flow	62.9	40.4
Purchase of business	-	(214.0)
Other	(0.3)	0.4
Proceeds from disposal of properties	24.0	-
Proceeds from share issues	-	78.5
Proceeds from / (repayment of) borrowings	(47.1)	141.4
Dividends paid	(31.0)	(15.9)
<b>Net cash increase</b>	<b>8.5</b>	<b>30.8</b>

# Net capital expenditure as a percentage of sales



# Finance Facilities

Status at 30 June 2009

\$'000

	Facility	Drawn	Available	Expiry
Syndicated senior debt	200,000	200,000	-	Oct 2010
Working capital facility	50,000	3,000	47,000	Aug 2010
Overdraft	13,932	5,932	8,000	Oct 2010
Finance lease facility	10,000	2,770	7,230	
<b>Total</b>	<b>273,932</b>	<b>211,702</b>	<b>62,230</b>	
Less cash on hand		(44,214)		
Less finance leases		(2,770)		
Net borrowings at 30 June 2009 (2008: \$219,000)		<b>164,718</b>		

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Interest rate hedges at 1 July 2008	Year 1	160,000	
	Year 2	110,000	(Until October 2010)

Actual borrowing rate is BBSY plus margin. The hedged amount relates to the BBSY portion of the interest cost.

# Key Ratio Table

	2009	2008
Return on capital employed	14.5%	8.0%
EBITDA (pre significant) margin	11.4%	9.9%
EBITA (pre significant) margin	8.8%	7.2%
NPAT margin	3.9%	1.6%
Debt to equity	59.6%	77.3%
Gearing	37.3%	43.6%
EPS accretion	141.1%	(76.1%)

# Integration Costs & Savings (pre-tax)

<b>FY08</b>	Savings	\$4 million	\$6 million annualised
	Costs	-	
	<b>Net EBITA</b>	<b><u>\$4 million</u></b>	
	Significant item (cost)	(\$4 million)	
<b>FY09</b>	Savings	\$9 million	\$12 million annualised
	Costs	<u>(\$4 million)</u>	
	<b>Net EBITA</b>	<b>\$5 million</b>	
<b>FY10</b>	Savings	\$13 million	\$15 million annualised
	Costs	<u>(\$3 million)</u>	
	<b>Net EBITA</b>	<b>\$10 million</b>	

# Business Division Update



# BusinessForce Scorecard Update

## 2008 Objectives

## YTD Result

## Outcomes

HPA acquisition - retain key clients and staff



Achieved

Continue site consolidation



Progressing. Hong Kong addressed

Enhance service portfolio – data solutions and workflow management



Progressing

Attain \$10-15 million/annum synergy benefits



Running at \$12m

# BusinessForce

\$ million	2009	2008	% change
Sales revenue	370.8	306.0	21.2%
EBITDA	54.9	42.5	29.5%
<i>Margin</i>	14.8%	13.9%	
Depreciation	(13.7)	(12.4)	10.6%
<b>EBITA pre significant items</b>	<b>41.2</b>	<b>30.0</b>	<b>37.3%</b>
<i>Margin</i>	11.1%	9.8%	

# SalesForce Scorecard Update

## 2008 Objectives

## YTD Result

## Outcomes

Solid results in traditional business



Call centre volume up 3.9%

Growth in emerging services including field sales, learning solutions and speech solutions



Speech solutions up 84%  
Learning solutions up 63%  
Field sales up 6%

Open new contact centres



Opened Philippines facility  
Expanded Malaysian facility

# SalesForce

\$ million	2009	2008	% change
Sales revenue	294.2	275.2	6.9%
EBITDA	28.0	23.3	20.3%
<i>Margin</i>	9.5%	8.5%	
Depreciation	(6.2)	(6.6)	(5.3%)
EBITA pre significant items	21.8	16.7	30.4%
<i>Margin</i>	7.4%	6.1%	

# MediaForce Scorecard Update

## 2008 Objectives

## YTD Result

## Outcomes

Growth in Lasoo website



Decreased EBITA loss

Bed down NZ Post joint venture



Achieved

Grow catalogue volumes



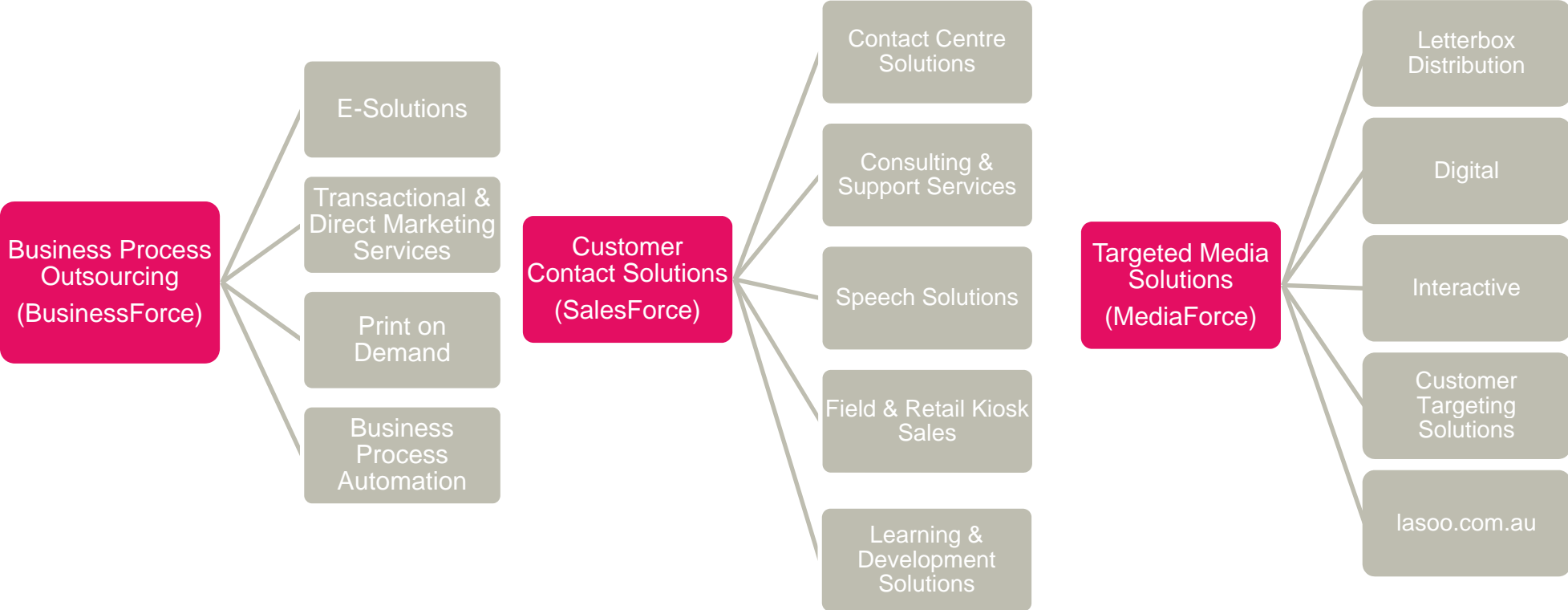
Volumes were stable

# MediaForce

<b>\$ million</b>	<b>2009</b>	<b>2008</b>	<b>% change</b>
Sales revenue	225.7	230.9	(2.2%)
EBITDA	30.3	28	8.5%
<i>Margin</i>	13.4%	12.1%	
Depreciation	(2.1)	(1.4)	49.2%
<b>EBITA pre significant items</b>	<b>28.2</b>	<b>26.6</b>	<b>6.3%</b>
<i>Margin</i>	12.5%	11.5%	

# 2010 Strategy & Outlook

# Salmat Divisions & Services





# Strategic Insights

## Strong Business Model:

- Low market share in a number of products/services
- Targeted communication channels are increasingly desired by customers
- Large corporations focused on reducing operating costs and looking at outsourcing as a key strategic opportunity
- Majority of services provided by Salmat are 'essential' rather than 'discretionary'
- Opportunities to further extend product/services within 'one to one' model
- Minimal presence in mid-size customer
- Opportunities to extract further business efficiencies with consolidation and optimisation.

# Earnings Growth Focus - 2010

## Business Process Outsourcing:

- Anticipate print & mail volumes to remain flat, discretionary mail to track down in line with macro environment
- Continued focus on extracting further efficiencies via integration and optimisation
- Expand BPO focus in workflow management & document management
- New Philippines infrastructure further strengthens BPO services
- Opportunity to capitalise on unique data analytics skills and establish additional income stream.

# Earnings Growth Focus - 2010

## Customer Contact Solutions:

- Industry growth expected at + 5%
- SLM is ideally positioned as leading Australian-domiciled contact centre provider with increasing trend towards on-shoring
- New businesses including speech solutions (formerly VeCommerce), learning and development solutions (formerly A-Frame) and field and retail kiosk sales (formerly Direct Sales) strengthen model and provide growth opportunities
- Industry growth plus low market share provides continued growth opportunity.

# Earnings Growth Focus - 2010

## Targeted Media Solutions:

- Retail customers favouring targeted communication strategies
- Multi-channel communication capability (addressed & unaddressed mail, email, SMS, on-line, voice & non-voice) provides unique opportunity for customers to consolidate communication strategy
- Continue to evolve 'Lasoo' as the premier pre-shopping portal:
  - Further content upgrades scheduled to enhance user experience.
  - Expect to be break-even by 2011
- Interactive services (SMS & email) enjoying strong support as retailers embrace mobile technology
- Anticipate letterbox volumes to remain stable as we focus on enhancing value for our customers by leveraging our unique delivery capability and suite of services.

# Outlook – in the coming period

- Focus is on continued roll out of one to one communications business model
- Assume macro environment does not deteriorate
- Competitive environment is stable
- Update to be provided at the AGM in November

# Thank you

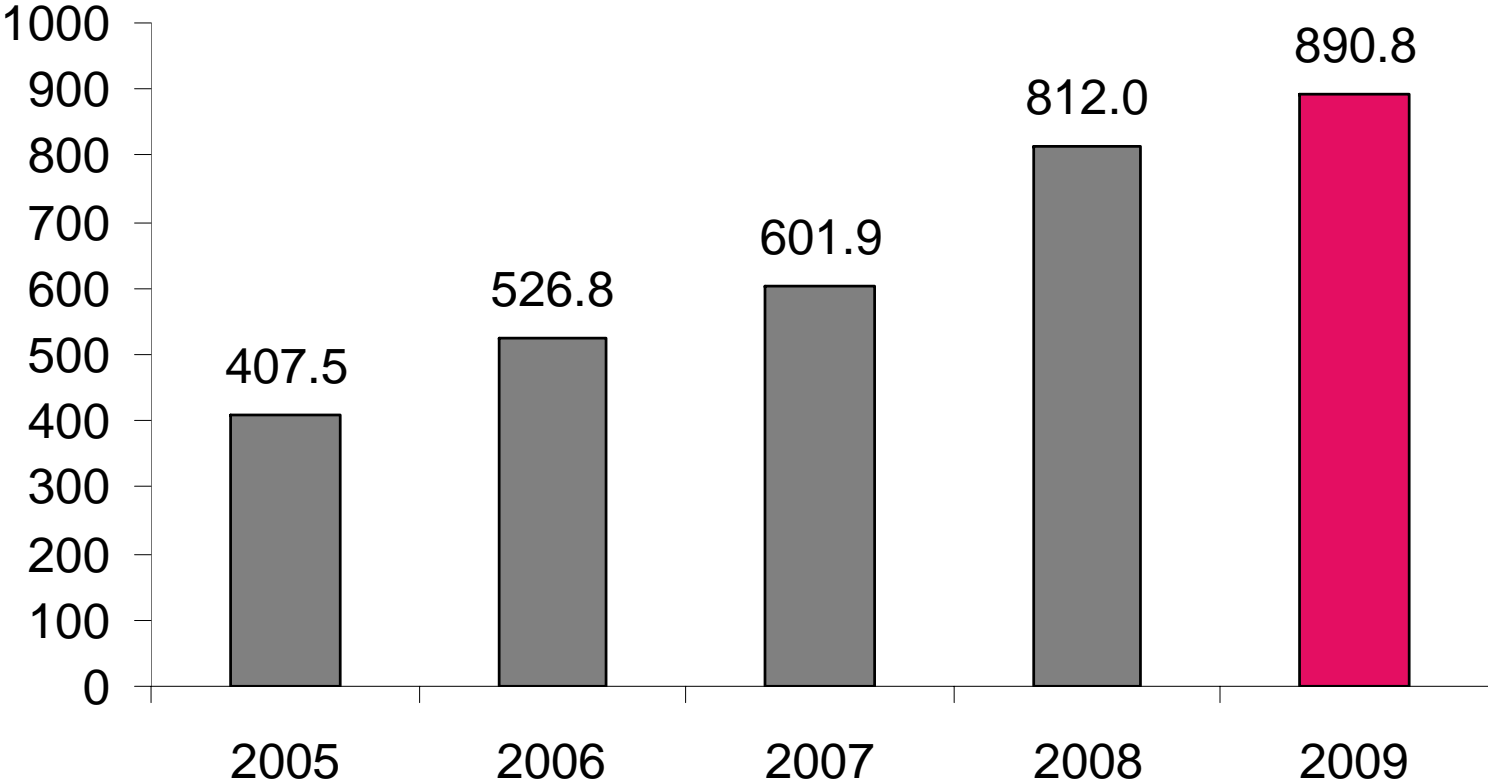
## Disclaimer

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.

# Appendices

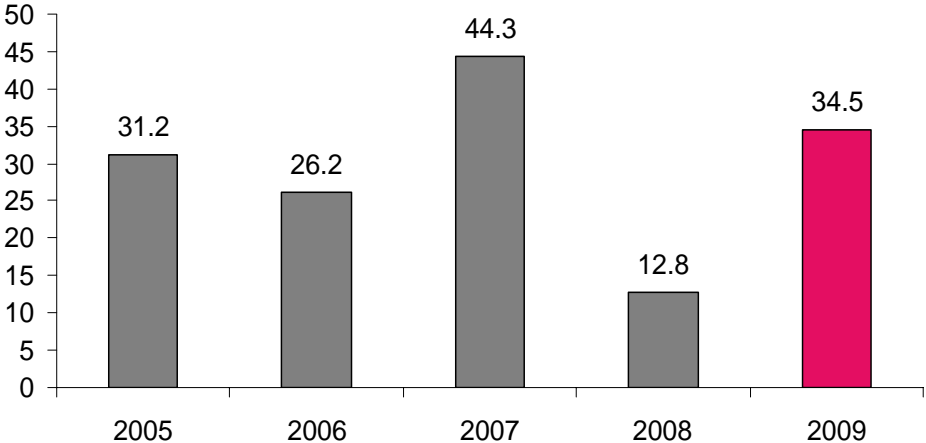
# Revenue From Sales



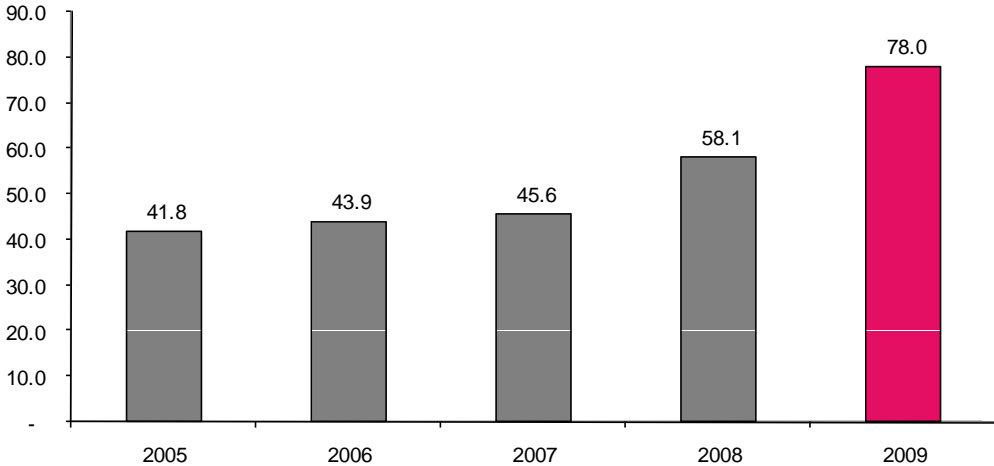


# Net Profit After Tax & EBITA

### Net profit after tax



### EBITA pre significant items



## Significant Items (pre-tax)

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Other	-	2.2
<b>Total for year</b>	<b>4.3</b>	<b>(13.5)</b>

# Divisional Summary

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Sales revenue:			
BusinessForce	370.8	306.0	21.2%
SalesForce	294.2	275.2	6.9%
MediaForce	225.7	230.9	(2.2%)
Total group sales revenue	890.8	812.0	9.7%
<b>EBITA before significant items:</b>			
BusinessForce	41.2	30.0	37.2%
SalesForce	21.8	16.7	30.5%
MediaForce	28.2	26.6	6.3%
Corporate	(13.2)	(15.2)	13.2%
<b>Group EBITA before significant items</b>	<b>78.0</b>	<b>58.1</b>	<b>34.3%</b>