



CONVERT



REACH



SERVE

WHO IS SALMAT



REACH

the right people at the point of decision making.

salmat
is a marketing services business.
We help our clients to:



CONVERT

them into customers, making it easy for them to transact.



SERVE

their customer base via multiple channels and 24/7 connectivity.

SALMAT MAKES CUSTOMER JOURNEYS SIMPLE.

We are the essential link between brand building and sales. We provide the marketing services that help clients reach millions of customers when they are ready to buy, converting them in-store, online or over the phone.

These marketing services are broadly categorised into two key divisions:

MARKETING SOLUTIONS (MEDIA + DIGITAL)

National letterbox distribution

Digital catalogues

Ecommerce

Search (SEO, SEM and display advertising)

Email and SMS marketing

CONTACT SOLUTIONS

Contact centres (voice, email, webchat, SMS, social media)

Speech solutions

Customer experience solutions

Managed services (MicroSourcing)



GROWTH STRATEGY

STRATEGIC PRIORITIES

The business transformation is complete:
we are now focused on sustainable growth.



LEVERAGING CORE CAPABILITIES

Extending current strengths into complementary service offerings and diversified markets.

ENSURING SUSTAINABILITY

Taking steps to support the long-term relevance and sustainability of key businesses.



INNOVATION AGENDA

Implementing new ideas, technologies and practices to extend our client offering and create value.



SHAREHOLDER VALUE

Delivering a solid return on investment for Salmat's shareholders.



DRIVING SALES REVENUE

Optimising sales structure, resources and capabilities to win new business and grow profitable revenue.



CHAIRMAN'S MESSAGE



Peter Mattick AM, Chairman

Salmat has continued to optimise its cost base and operations to become a more efficient and profitable business. The next step is to drive growth.

PERFORMANCE OVERVIEW

The past 12 months has seen the changes made through the business transformation process start to have more of an impact on our results, with underlying EBITDA growing once again on the prior year and cash inflow from operations up considerably on FY16. At the bottom line, a full year net profit after tax result was achieved for the first time in three years.

With the internal business process improvements in place, we have turned our attention to future strategy and growth drivers to improve shareholder returns.

Key highlights for the year included:

- Finalisation of the key business transformation initiatives, transforming internal systems, processes and the cost base.
- Continued earnings and EBITDA margin growth on the prior year and a return to full year profit.
- Completion of the MicroSourcing acquisition and the continued positive performance of that business.
- Undertaking a successful rights issue that was well-supported by shareholders.
- The successful relocation of the Australian contact centre business to new premises and the first live implementation of the new cloud-based contact platform.
- Initiation of a strategic review to explore future innovation and growth opportunities for the business.

BOARD AND CEO CHANGES

We had two key Board and management changes during the year.

At the end of May, we announced that Chief Executive Officer Craig Dower would leave the business, by mutual agreement with the Board. Craig achieved a great deal through the transformation process, and we wish him all the best in his future endeavours. Chief Financial Officer, Rebecca Lowde was appointed to the CEO role, recognising the significant contribution she has also made to the transformation of the business. This has been a very smooth transition, with Rebecca maintaining the momentum of the strategic review and other initiatives underway. Group Financial Controller, Alex Panich, was appointed as interim CFO from within the business.

We announced the appointment of a new Non-executive Director, Bart Vogel in May 2017. Bart brings more than 20 years of management consulting and senior IT industry leadership experience to the Salmat Board. Post year end, we also announced the appointment of Non-executive Director Stuart Nash. Stuart has extensive experience in accounting, investment banking and senior leadership roles.

STRATEGIC DIRECTION

During FY17, Salmat came to the end of a phase of internal focus, as the Business Transformation program led to a thorough overhaul of Salmat's business structures; flattened layers of management; implemented new cutting-edge cloud-based operating systems; and discontinued no-profitable and non-strategic products and services. The key objectives of this program were to 'Focus, Simplify and Grow' the business.

I highlighted last year that we were seeing the quickening pace of change in various markets start to impact Salmat's clients, with a flow on demand for Salmat to also evolve and adapt to change much faster than ever before.

By the end of 1H17, we recognised that the external environment was mitigating the gains made from the transformation. While the 'Focus' and 'Simplify' objectives had been met, the path to growth was no longer as clear as it had been.

Salmat therefore commenced a strategic review to identify how to best leverage the transformation wins to maximise profitable growth and shareholder value.

This strategic review has identified several promising opportunities for Salmat to underpin the long-term sustainability of the business and generate stronger returns for shareholders. At this stage, the review is ongoing.

While we continue to work through the strategic review, the priorities for FY18 will be on strengthening Salmat's core capabilities and to extend on that core via innovation and untapped opportunities, while growing new business.

Innovation is a particular driver for Salmat right now and there are innovation projects at various stages of development taking place in every part of the business.

We remain committed to long-term sustainability and profitable growth.

CAPITAL MANAGEMENT

As in the previous year, cash was retained in FY17 to fund the completion of acquisitions and for reinvestment in the business. As such, no dividends were paid during FY17.

Salmat undertook a capital raising via a rights issue in October 2016 in order to help fund the remaining 50% of the MicroSourcing acquisition. This raising was well subscribed by shareholders and generated net cash of \$14.0 million. We thank shareholders for your support of this initiative.

The Board has reviewed Salmat's position at the end of FY17 and determined not to pay a dividend for the period. However we intend to recommence paying dividends in FY18, subject to business conditions.

THANK YOU

On behalf of the Board, a sincere 'thank you' to the entire Salmat team for all your efforts over the past 12 months.

Thanks also to my fellow Board members for your valuable contribution, and to our esteemed clients and partners for working with us over many years.

Salmat has a very stable register of loyal, long-term shareholders and we thank you all for your continued support and patience as we have undertaken our transformation and now prepare for the next phase of our evolution.

Salmat has been in business for almost 40 years, and has undergone many and varied changes during that time. I look forward to updating you on Salmat's progress at our Annual General Meeting in November.



PETER MATTICK AM

Chairman

CEO'S REPORT



Rebecca Lowde, CEO

Salmat is evolving to meet the demands of changing markets and new client needs. We are future-focussed.

I was excited to step into the CEO role in June: Salmat is at an important stage in its history and I look forward to leading the business through the next phase of its evolution.

I would like to acknowledge Craig Dower for his work as CEO over the past three years and his role in establishing the business transformation strategy and driving the internal change Salmat needed to remain competitive. Thank you, Craig.

With the transformation initiatives in place, the priority now for Salmat is to grow profitable and diversified new business and to secure our position for the longer term.

FINANCIAL PERFORMANCE

The financial results for FY17 speak to what has been happening at Salmat over the past few years, following the major business transformation program.

Revenue was down 3.4% on FY16 to \$435.3 million. New business growth picked up in the second half of the year, but was insufficient to fully replace expired contracts and discontinued revenue from product and services closed down during the business transformation. Volume

and pricing decline in the catalogue market also had an impact. Increased spend by existing clients in contact centres and MicroSourcing boosted revenue in Contact. Revenue growth is a key objective for FY18 and we are targeting both organic and new name business growth.

Underlying EBITDA was up \$3.2 million on the previous year to \$22.8 million, even on reduced revenue. This result landed just ahead of the \$20-22 million guidance provided in May. Expired contracts and pricing and volume decline in the catalogue market reduced the result. Cost saving initiatives made a positive \$9.5 million contribution and increased business from both new wins and existing clients added \$4.2 million. With the cost base now more variable than ever before, we aim to continue earnings margin growth.

Significant items had a small net impact of \$0.6 million in cost. Costs related to restructuring and the strategic review undertaken in the second half, as well as an impairment cost associated with investment in a joint venture. These were offset by profit on the sale of shares in an investment and a fair value adjustment gain on financial liabilities.

Net profit after tax of \$4.3 million was up \$10.3 million on the prior year loss of \$6 million. This was a pleasing result that reflected the hard work done over the past 12 months to return Salmat to bottom line profit.

Net cash reduced as expected during FY17, primarily due to payments relating to the MicroSourcing and Netstarter acquisitions. A rights issue conducted during 1H17 generated net cash of \$14.0 million to help fund the acquisition payments. Net cash was \$8.8 million at year end.

Of note is the improvement in operating cash flow, which returned to positive in FY16 and increased further to \$19.1 million in FY17.

Results (in \$ millions except where stated)	2013	2014	2015	2016	2017
FINANCIAL PERFORMANCE					
Revenue	467.6	452.8	498.1	450.8	435.3
Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)	36.3	18.2	13.3	19.6	22.8
Underlying earnings before interest, tax and amortisation (EBITA)	25.8	8.6	2.2	9.5	13.9
Net significant items included in the result (before tax)	(12.5)	(9.4)	(91.3)	(6.8)	(0.6)
Statutory net profit/(loss) after tax (NPAT)	40.1	0.8	(98.0)	(6.0)	4.3
Earnings per share (cents)	25.4	0.2	(62.8)	(5.0)	2.3
CASH FLOW					
Operating cash flow	26.4 ¹	12.5	(5.7)	5.4	19.1
Cash capital expenditure	12.9	16.2	8.5	3.6	5.7
Net (debt)/cash	90.0	50.0	23.1	14.6	8.8
Interest coverage ratio (%)	99.1	NMF	7.3	11.0	13.5
Gearing (Net debt: net debt + shareholder funds) (%)	0	NMF	NMF	NMF	NMF
OTHER KEY MEASURES					
EBITDA margin (%)	7.8	4.1	2.7	4.3	5.2
Net profit margin (%)	8.6	0.2	(19.7)	(1.3)	1.0
Return on capital employed (%)	6.5	2.5	(1.0)	4.6	6.1
Employees (full time equivalent)	3,404	3,658	3,640	3,097	3,216
DIVIDENDS					
Ordinary dividends (cents per share)	11.5	15.0	—	—	—
Special dividends (cents per share)	21.0	—	—	—	—

1. Restated due to interest reclassified under investment activities.

STRATEGIC PROGRESS

During FY17, we finished implementing the Business Transformation initiatives and commenced a review of strategic options to guide our next steps.

A key tenet of the business transformation was the goal to go 'cloud first' wherever possible, reducing Salmat's reliance and spend on hardware and software licensing and the associated maintenance and support requirements. This strategy continued to roll out during FY17, with Salmat achieving an overall decrease in technology expense, as well as a reduction in this cost as a percentage of sales. We are also receiving a good deal of interest and support from external technology partners, as they recognise Salmat's innovation in this area.

Having implemented a new cloud-based finance, reporting and human resources platform in FY16, we continued to roll out additional functionality during FY17, including centralised recruitment, time and attendance management and performance reviews. This enabled a number of other systems to be made redundant.

Functionality was also extended for the new cloud-based internal office system that replaced Salmat's previous suite of email, document, spreadsheet and other associated tools. New team drives were introduced to further enable to increased collaboration that this system has encouraged. Employee take-up of the new system accelerated to the point that most of the old software was removed during FY17.

New access and identity management security tools were implemented, increasing both the security of our data and the flexibility and mobility of our workforce, as staff can now securely sign in to Salmat's office system from any computer in any location.

The cloud-first strategy also extended to our service platforms, with the launch of a new state-of-the-art contact centre platform, which is transforming this part of the business.

Salmat's marketing presence was strengthened during the year, following the rollout of a branding refresh in August 2016. Salmat's engagement with the market has grown via a range of activities including thought leadership, events, research and marketing guides for our client base.

The transformation program made Salmat more agile, disciplined and collaborative than previously, with the right platforms, policies and practices in place to respond more quickly and take advantage of emerging opportunities. While the main program of work has been completed, a continuous improvement culture has been established to ensure that momentum is not lost.

Maintaining this momentum was also a key objective of the strategic review, which commenced at the end of the first half.

With continued external headwinds – especially in the retail market – and with industry consolidation underway, we decided to take stock of a number of strategic opportunities, to assess where we could gain the best return on investment.

Over the past six months, we have reviewed a range of options and identified Salmat's key priorities for the next few years. Some of the opportunities identified by the strategic review required further assessment and consultation, which remains ongoing, so we have nothing yet to announce.

CEO'S REPORT CONTINUED

We are now clearer on what Salmat is as an organisation: a marketing services business helping our clients reach, convert and serve their customers. We are also clear that innovation and evolution needs to take place at speed: today's market demands action.

Thus our focus for FY18 and beyond is on evolving the Marketing Solutions and Contact Solutions segments to achieve profitable sales growth:

- Strengthening the core capabilities that make Salmat what it is and underpin our unique selling proposition.
- Fortifying the platforms and networks that enable us to deliver our products and services.
- Innovating and evolving those products and services so that they are relevant and sustainable over the long term in changing markets.
- Optimising our sales capability and tapping new sources to generate profitable new revenue streams.

I look forward to sharing the details of our strategic initiatives to achieve these goals once the review is finalised.

OPERATIONS REVIEW

MEDIA + DIGITAL

Media + Digital sales revenue was \$224.3 million for FY17, down 12% on the previous year. This decrease was due to the combined effect of several factors. Reduced discretionary spend by retail clients and completed contracts led to catalogue and digital volume decline. Price pressure in the catalogue market also contributed. The absence of revenue from discontinued product and services such as Kiosk sales across the segment had an impact of almost \$10 million. Some revenue growth was achieved however from ancillary services such as freight and print management.

Media + Digital EBITDA did not reduce at the same rate, down 10.7% to \$21.6 million. The largest downward pressure on earnings came from pricing pressure in the catalogue market. A significant effort to optimise the cost base in segment operations – including catalogue distribution – delivered positive results again in FY17. Digital earnings growth also contributed.

Catalogue volumes declined on the previous year, but did not decline at the same rate as the wider industry, with Salmat retaining a majority market share. Mid tier and SME clients were under particular pressure from retail market conditions, with many reducing their spend on marketing or trialling alternative options. Volumes for Salmat's top 10 clients increased by 3.6% year on year, as catalogues continue to deliver solid returns on investment for this market. Delivery volumes of product samples also remained consistent as retailers have discovered the opportunity in letterbox delivery for these items.

Salmat's catalogue service offering is market-leading, with an unmatched delivery network. We increased the frequency and scale of independent auditing during the year, which confirmed Salmat's superior proven delivery rates. Salmat also remains the only distributor with twice-weekly national delivery.

Regardless, we have seen pricing pressure persist, especially amongst major clients. Continued downward pricing is unsustainable if our delivery network reach and quality is to be maintained, thus we have commenced discussions with our clients on measures to better support our contractors and help ensure the sustainability of the network for the benefit of clients and suppliers alike.

Within Salmat, we commenced the trial of a new Salmat Hub app for catalogue delivery contractors and area managers during the year. This app helps to improve communication between walkers and area managers and includes tools such as a suggested walk route map to make the job easier. After an initial small-scale trial, the Hub has now been rolled out nationally, with a pleasing adoption rate by walkers. We will continue to develop and improve the app in FY18 to increase its functionality and further improve communication, accountability and the quality and timeliness of information.

We are also looking at other measures to innovate our offering as we evolve the data-driven catalogue of the future. For example, Salmat's digital catalogue offering, Lasoo, is a valuable source of data and data analytics and we are currently exploring how to better employ this resource.

Salmat's wider Digital services had a solid start to the year, with all service areas at capacity due to strong demand. While a number of factors saw the level of activity drop in the second half, we were pleased to appoint some new business development specialists to the team after a lengthy search and look forward to rebuilding the pipeline of future work.

The Netstarter ecommerce business continued to grow its portfolio of work in the mid-tier market, particularly in fashion, and was also successful in securing a number of global awards during the year at Magento's Imagine Excellence Award. Netstarter won the APAC Digital Commerce Partner of the Year award and a client site built by Netstarter beat more than 250 other entries to win the Best Web Design award. Another client site was recognised as a finalist for Best Mobile Site.

Email and SMS volumes grew by more than 28% on the prior year on the back of new work and flow-on business from ecommerce and other clients.

While Salmat's Media and Digital services already share many common clients and operate within the same segment, we are seeing even further integration take place. We will be supporting this progression during FY18 under the new 'Marketing Solutions' banner, with sales and operations working far more closely than before as we pursue growth and innovation goals.

\$22.8m

Underlying EBITDA
was up 16.3% on
the previous year

\$4.3m

Net profit after
tax grew 171.7% on
the previous year

CONTACT

Contact revenue was up 7.9% on the previous year to \$210.3 million and was also up 12.2% on the first half of FY17. Revenue growth came from both contact centres and MicroSourcing and included organic and new business growth. Second half revenue benefited from new contact centre wins being implemented, which started to replace revenue lost from previously completed contracts.

Contact EBITDA grew 32.8% on FY16 to \$7.7 million, again showing a larger contribution from the second half of the year. MicroSourcing growth made the largest positive contribution to the improved results. Contact centre performance improved in the second half on the back of new revenue and reduced costs. First half impacts on EBITDA included costs associated with the new contact centre platform upgrade and facilities relocation, as well as higher sales and service costs incurred while competing for high-worth tenders.

FY17 was a year of significant change for Salmat's contact centre business, with a major focus on service delivery improvement, the implementation of the new cloud-based contact platform and the relocation of the Australian business into a new facility.

Operational excellence has been an important goal for contact centres over the past year, and pleasingly there were some great strides made in this area. Key performance indicators have improved for clients across all markets. Improved practices and policies geared to achieving and exceeding service level agreements have had a positive impact, with flow on benefits in both improved client satisfaction and increased demand for additional work.

This improvement was achieved even with the potential disturbance of a major facility relocation. Salmat's key Australian operations moved in December 2016, relocating to a new custom fit out in La Trobe Street, Melbourne. This move was successfully completed without any disruption to service. The new premises have delivered a significant improvement on the previous facility in terms of flexibility and the ability to scale our footprint up or down as required.

Utilisation rates improved with the move to the new facility and should continue at an improved run rate due to this flexibility. The new site also features a range of staff facilities and benefits that have helped to increase employee satisfaction and reduce attrition.

A key objective for FY18 is to maintain the high standard of operational excellence that has been achieved and continue to deliver solid results for clients, continuing to sell additional work into existing accounts as well as securing new name business.

One of the most exciting changes in FY17 has been the implementation of the new contact centre service platform. We have made good progress since commencing the implementation in mid-FY17. All new clients since that time have been implemented straight onto the new platform, with half of the total contact centre seats on the new system by year end. As such, we are already seeing the benefits of the new platform, including faster speed to deployment, increased flexibility and a wider range of innovative capabilities. Feedback from clients, contact centre agents and management alike is positive and there is client demand for accelerated transition to the new technology. The full transition should be completed during FY18, at which point the incumbent platform will be decommissioned. We will carry some duplicate costs until that time.

The contact centre business still largely remains a 'lumpy' business that expands and contracts in cycles, with long lead times to new wins. Some of the contracts that concluded in FY17 will have an impact on FY18 revenue and require new wins to fill the gap created by this churn.

One of the key advantages of the new platform is the ability to deploy new jobs much faster than previously. This has enabled Salmat to increase its 'on demand' offering, for short-term, urgent and seasonal requirements such as product recalls, tax queries or transport outages. We will continue to target more of this work in FY18.

In August 2017 we announced the completion of the acquisition of MicroSourcing, a Philippines-based outsourced service provider. This has proved to be a smooth and successful acquisition that has performed well and complemented Salmat's wider business. For example, we have been able to leverage MicroSourcing local knowledge and experience to assist with Salmat's Philippines-based contact centre operations.

MicroSourcing continued to experience steady, reliable growth in FY17, increasing both revenue and earnings. While much of this growth was increased spend by existing clients, we pursued new business growth during the year via various channels, including business development staff in Australia and the USA. Despite some success, online marketing via search engine marketing and search engine optimisation remains the most reliable source of new growth for this business. We will continue to invest in targeted online marketing during FY18.

OUTLOOK

The business transformation helped us to review and refine Salmat's internal operations, edit our suite of products and services and better understand our business. The strategic review is helping to define Salmat as a business for the future.

Salmat is already more agile, disciplined and collaborative than we were a few years ago. We are now locking down our plans to ensure Salmat has a sustainable future by strengthening our core businesses, laying innovation over these core strengths to maintain market leadership and pursuing new growth opportunities.

We are actively working on initiatives to drive sustainable growth in FY18 and beyond, for the benefit of our staff, clients, partners and importantly, our shareholders.


REBECCA LOWDE

CEO

BOARD OF DIRECTORS

With a diverse range of expertise and experience, Salmat's Directors guide the strategic direction and oversee the corporate governance of the business.

1 PETER MATTICK AM

Chairman

Peter Mattick co-founded Salmat Limited in 1979 and served as its Joint Managing Director until his retirement from executive duties with Salmat in October 2009. Since that time Peter has remained as a Non-executive Director of the company and assumed the role of Chairman in November 2013.

Peter has served as Chairman and Director of the Australian Direct Marketing Association and is a member of the National Aboriginal Sports Corporation. He is a Fellow of CPA Australia and the Australian Institute of Company Directors, a Governor of the Advisory Council for the Institute of Neuromuscular Research and Chairman of The Shepherd Centre. Peter was educated at the University of New South Wales where he gained a Bachelor of Commerce degree. Peter was awarded a Member (AM) in the General Division of the Order Of Australia in 2014.

2 FIONA BALFOUR

Non-executive Director (Independent)

Fiona is an independent Non-executive Director of Metcash Limited, Airservices Australia, the Western Sydney Airport Co Limited and The Australian Red Cross Blood Service; a Member of Chief Executive Women; a Fellow of Monash University; and a Fellow of the Australian Institute of Company Directors. Fiona has over 35 years' experience working in enterprise technology across Aviation and Transport, Information and Telecommunication Services and Distribution and Logistics. Fiona is a former Non-executive Director of SITA SC (Geneva) and TAL (Dai-ichi Life) Australia Limited; former Council Member and Treasurer of Knox Grammar School, and former Council Member of Chief Executive Women. Fiona holds a BA Hons (Monash), Dip IM (UNSW) and MBA (University of RMIT).

3 STUART NASH

(APPOINTED 1 AUGUST 2017)

Non-executive Director (Independent)

Stuart is Interim CEO of Green's Foods Holdings - a diversified FMCG company - and a Non-executive Director of Opteon Group Holdings - a national property valuation and advisory business. He is also Chairman of Australian Affordable Housing Securities Limited. Stuart's executive experience includes over 20 years in accounting and investment banking with global firms including Macquarie Capital and Barclay's Capital, specialising in mergers and acquisitions, debt and equity capital markets and strategy. Stuart is a qualified accountant, holds a Bachelor of Arts (Honours) from Cambridge University and is a graduate of the Australian Institute of Company Directors.

4 JOHN THORN

Non-executive Director (Lead Independent)

John Thorn has been a Non-executive Director of Salmat Limited since September 2003. John is a professional Director and brings expertise to the Board in the areas of accounting, financial services, mergers and acquisitions, business advisory, risk management and general management. John had 38 years of professional experience with PricewaterhouseCoopers (PwC), where he was a Partner from 1982 to 2003 advising major international and Australian companies. He served on the firm's Board, was the Managing Partner of PwC's Assurance and Business Advisory practice and was the National Managing Partner of PwC until 2003. He has experience in Asia having lived and worked in Singapore and Indonesia. John is a Non-executive Director of Amcor Limited (appointed December 2004) and a former Director of National Australia Bank Limited (October 2003 - December 2014) and Caltex Australia Ltd (June 2004 - 2013). His Board committee experience includes Audit Committees (Chairman), Human Resources Committees, IT Committees, Nomination Committees and Risk Committees.

5 BART VOGEL

Non-executive Director (Independent)

Bart is the Chairman of Infomedia Limited and a Non-executive Director of both Macquarie Telecom Limited and BAI Communications. He is a Director of the Children's Cancer Institute Australia. Bart's executive experience includes more than 20 years in management consulting with Bain & Co, A.T. Kearney and Deloitte Consulting and more than ten years as a CEO in the technology industry for Computer Power Group and Lucent Technologies Australia and Asia Pacific. He is a Chartered Accountant with a Bachelor of Commerce (Honours) and is a graduate of the Australian Institute of Company Directors.

6 MARK WEBSTER

Non-executive Director (Independent)

Mark is presently Managing Director of the thoroughbred sales group, William Inglis and Son Limited and Chairman of Ardex Technology, a software solutions company based in Sydney. Mark has had extensive, hands-on experience in extending traditional businesses into the online environment, both in the media industry and in his current role. Mark has established the Inglis Digital division and introduced a number of innovations to extend the traditional trading capability of that company. Mark has also served as Director on a number of Boards over the past 15 years, including realestate.com.au and Nationwide News Limited where he was also general manager of The Daily and Sunday Telegraph and The Australian newspapers.



SENIOR EXECUTIVES

Salmat's senior executive team leads the implementation of strategic initiatives and ensures day-to-day operational excellence.

7 REBECCA LOWDE

Chief Executive Officer

Rebecca joined Salmat as Chief Financial Officer in August 2014 and was appointed Chief Executive Officer in June 2017. Prior to Salmat, Rebecca spent five years as CFO of Bravura Solutions, a financial software and service provider. She also served on the Bravura Board as an Executive Director and played a key role in its privatisation from an ASX-listed business. Rebecca has more than 20 years of experience in finance and international operations and has held senior executive positions in Australia, Europe and Asia, for businesses including Business Objects, Lexmark and Oracle.

8 ALEX PANICH

Chief Financial Officer (Acting)

Alex joined Salmat in 2016 as Group Financial Controller and was appointed as Acting Chief Financial Officer in June 2017. Prior to this, Alex held a number of senior finance roles in Australia, the UK and Malaysia, with a particular focus on driving commercial strategy, managing cost base and cash flows and supporting growth initiatives. Alex holds a Bachelor of Science degree and is a member of the Institute of Chartered Accountants Australia.

9 CHRIS WALSH

Chief Operating Officer

Chris Walsh joined Salmat in December 2014 and was appointed Chief Operating Officer in April 2015. Chris is responsible for all aspects of technology, all operating units, and overall business operations. Prior to this, Chris was a Director at Information Services Group, and has also managed large-scale operational management and business transformation programs for some of Australia's largest enterprise companies including Telstra, Qantas, Westpac and David Jones.

10 KATHLEEN FORBES

General Counsel

Kathleen joined Salmat in 2011 as General Counsel, and brings over 20 years of commercial legal experience to the role. Prior to joining Salmat, Kathleen held General Counsel and Company Secretarial roles for the Staples Group in Australia and New Zealand, and was Legal Counsel at Tenix. Kathleen spent the first five years of her legal career at the national law firm Clayton Utz. Kathleen is admitted as a solicitor of the NSW Supreme Court.

11 LEISA WILLIAMS

Head of People

Leisa joined Salmat in 2015 as regional Senior People Manager and was appointed as Head of People in 2016. Prior to this, Leisa had more than 15 years of experience in human resources management in IT, print and healthcare industries. Leisa has particular experience in aligning human resources initiatives with business development and growth. She holds a Bachelor of Commerce, Human Resources and Industrial Relations.



CORPORATE RESPONSIBILITY REPORT

Salmat recognises that we have a commitment to doing business in a socially responsible and sustainable manner. We strive to create an environment where people enjoy coming to work and contribute to the community at a local, national and international level.

PEOPLE

At Salmat, we have always recognised that our people are fundamental to our success.

We aim to make Salmat a great place to work, giving employees the support they need to perform at their best. Salmat provides staff with access to comprehensive training resources and a variety of special offers. We are always looking for opportunities to extend our range of employee offers and deliver further benefits. We also regularly seek feedback through employee pulse surveys to track satisfaction and engagement.

The past twelve months saw a number of new developments in the key areas of people systems, training, culture and reward and recognition. We also successfully completed the relocation of 900 people into our new Melbourne CBD office.

During the year, Salmat continued to add functionality to our cloud-based Workday platform, which centralises the people and finance systems. The performance review and goal setting processes were simplified and moved to Workday, providing more visibility and consistency. This has led to a significant increase in number of performance reviews completed and an improved experience for our people. Recruitment was also moved to Workday, enabling a more streamlined and proactive onboarding process.

Skills development and training opportunities are an important part of Salmat's culture. Salmat continued to invest in our online learning platform during the year and we are looking at strategies to encourage wider use of this valuable resource.

There was a particular focus on leadership development during the year, involving senior and emerging leaders. This involved a number of face-to-face programs, both externally facilitated and internal. Training for all sales managers also took place as we continue to build this capability.

After a period of reduced activity, Salmat relaunched our Diversity Council in FY17, recruiting new representation from all Salmat locations. The Council is chaired by CEO Rebecca Lowde and has an immediate focus on education and increased awareness in our commitment to making Salmat a more inclusive workplace. We will continue to grow the agenda and activities of the council during FY18.

Having reviewed the range of different employee reward programs across the business, we also launched a new consistent company-wide reward and recognition program during the year. The I-ACT Employee Awards Program is aligned to Salmat's values and behaviours and recognises employees who are living and breathing these Salmat values. Staff have embraced the program, with a pleasingly high level of staff nominations and awards taking place each month.

We have increased the frequency and improved the quality and consistency of employee communication during the year, with live-streamed 'town hall' meetings and more frequent employee briefings.

The key focus areas for FY18 are: continuing to build capability, by having the right people in right roles with the right skills; attracting and retaining talent, including appropriate reward and recognition, talent identification and succession planning; and enabling organisational effectiveness, with consistent, efficient processes across all locations.

HEALTH AND SAFETY

Salmat has a particular focus on health and safety and we are proud of what we have achieved in this important area. We take a proactive approach to not only preventing injuries but also supporting and encouraging physical and mental health.

We have a dedicated Safety and Wellness portal that provides access for all employees to safety news and alerts, safety reporting dashboards and tools and information such as an ergonomics educator and details of special health-related offers.

During FY17, we undertook a range of safety-focussed activities across all sites, including a comprehensive review of all known hazards, aligned to our current documented safety management system.

Regular 'Safety Walks' continue to be a regular occurrence in all Salmat sites. Any staff member can complete a safety walk, which involves completing a guided safety audit of work environments. Salmat has made this easy to complete, by providing an app that identifies what to look for and enables staff to complete a checklist and add photos and comments. The completed report is then emailed to the local safety committee. Total Safety Walks completed across all sites in FY17 were up by more than 45% on the prior year, as we continue to build our safety culture across the business.

Training and development of our site key contacts also continued during the year for Physical First Aid, Mental Health First Aid and Fire/Emergency Response personnel.

More than 120 other site-specific initiatives were undertaken during the year, aimed at increasing the Safety and Wellness focus.

Workplace Assessments are a new proactive measure that was introduced during FY17. These are aimed at reviewing individual workplaces and manual handling methods via in-person or video conference support from our professional team. In FY17 we completed 112 one-on-one consults and look to improve on that figure in FY18 as we promote this service more widely.

Salmat's transparency of reporting is strong, with a focus on 100% reporting being measured through our Total Injury and Incident rates and then benchmarked across similar sites.

Our Lost Time Injury Frequency Rate for recordable lost time injuries showed a 12-month rolling average of 0.65 per million hours worked at the end of FY17, with no serious injuries recorded. This is our lowest end-of-year rate on record and is considerably lower than comparable industry benchmarks. Our largest site in Sydney also achieved a significant milestone during FY17, reaching five years without a single lost time injury.



Our proactive Wellness program continues to provide information and benefits for our staff to help them improve their physical and mental wellbeing. This has been particularly successful in our Melbourne facility, where we have engaged exercise physiologists to conduct regular on-site boot camp training, pause and stretch break awareness, manual handling training, and gym management for our onsite gymnasiums. In Australia and New Zealand, staff also have Salmat-funded access to an Employee Assistance Program, which provides a range of confidential services on a 24/7 basis.

A comprehensive program of safety and additional wellness initiatives are planned for FY18, including an increased focus on training and development regarding mental health support.

COMMUNITY

Salmat has a long history of supporting charity and community-based initiatives and we also do this in ways that makes it easy for staff to contribute as they wish.

Salmat Activate is the primary fundraising program that we operate in Australia and New Zealand. Salmat Activate assists a range of staff-nominated charities, usually supporting each charity over a 12 month period. Salmat employees are able to specify a regular donation that is deducted from their salary, with every donation matched dollar-for-dollar by Salmat.

Salmat Australia's chosen charity this year was the Royal Flying Doctor Service (RFDS) and the Outback Car Trek, which raises funds for the RFDS. These two charities were selected in honour of Salmat co-founder Phil Salter who passed away in late 2016 and was a passionate supporter of these groups.

The RFDS provides emergency evacuations throughout rural and remote Australia for people who are seriously ill or injured and require urgent medical attention. The Outback Trek has been raising funds for the RFDS for 28 years.

In New Zealand, Activate supported Save the Children NZ, an organisation that works tirelessly to ensure children achieve a happy, healthy and secure childhood. Save the Children New Zealand has been helping fund early warning systems for children and their families living in vulnerable regions in Laos. These early warning systems will help the children to survive disasters in the storm, fire and flood prone provinces.

More than \$64,000 was raised through Activate for these organisations during FY17.

Local branches and staff also raise funds for a number of causes throughout the year, participating in events such as Movember, Dry July and the Biggest Morning Tea for cancer support.

In June 2017, Sri Lanka was sadly once again impacted by flash flooding and landslides. Both Salmat's Netstarter operations in Colombo Sri Lanka and the Sydney contingent launched an appeal to provide rations, clothing and other supplies as well as financial support to those affected by the flooding.

Salmat has also sponsored several students and athletes over the years.

Currently, Salmat is continuing to support a scholarship program established in FY15 to support rural and particularly indigenous students attending the University of NSW Business School. Recipients must be high achieving, academic students who have demonstrated leadership,

initiative and commitment to their studies and their local community. The \$20,000 scholarship assists undergraduate students with the cost of on-campus accommodation for up to three years, enabling them to fully participate in university life. This year's scholarship recipient was Harriet O'Malley from Orange.

ENVIRONMENT

Salmat recognises that it has a responsibility to protect the environment beyond merely compliance with all applicable environmental laws, rules and regulations in the jurisdictions in which it conducts its business.

We are committed to understanding and reducing our environmental impact as a result of our business activities wherever possible, and encourage our clients, suppliers and other stakeholders to do the same.

While Salmat's operations do not carry a high inherent risk to environment, we do what we can to minimise our impact: supporting initiatives to reduce environmental impacts and considering environmental factors with our business decisions.

We aim to adhere to the principles of Reduce, Reuse and Recycle in areas including paper usage; energy and water consumption; waste; office supplies; maintenance and cleaning; purchasing; and equipment disposal.

Some of the recent changes in the business that have helped to reduce Salmat's environmental footprint include the implementation of cloud-based collaboration tools that have reduced travel and paper usage; and the relocation of our Melbourne facility into an A-grade building with a 4 star NABERS energy rating.

SALMAT.COM.AU

SALMAT LIMITED

ABN 11 002 724 638

REGISTERED OFFICE

Level 3, 116 Miller Street
North Sydney NSW 2060

Phone: (02) 9928 6500

Fax: (02) 9928 6652

www.salmat.com.au

DIRECTORS

Peter Mattick	Chairman
Fiona Balfour	Non-executive Director (Independent)
Stuart Nash	Non-executive Director (Independent)
John Thorn	Non-executive Director (Lead Independent)
Bart Vogel	Non-executive Director (Independent)
Mark Webster	Non-executive Director (Independent)

COMPANY SECRETARY

Stephen Bardwell

AUDITORS

PricewaterhouseCoopers
GPO Box 2650
Sydney NSW 1171

BANKERS

Australia and New Zealand Banking Group Limited

SHARE REGISTRY

Link Market Services
Locked Bag A14
Sydney South NSW 1235

Phone: 1300 554 474 or (02) 8280 7111

International: +61 2 8280 7111

Fax: (02) 9287 0303

www.linkmarketservices.com.au

STOCK EXCHANGE LISTING

Salmat Limited shares are listed on the Australian Securities Exchange.

ASX CODE

SLM

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at:
10.00am Tuesday 28 November 2017
Museum of Sydney
Corner Bridge and Phillip Streets
Sydney NSW 2000

Please refer to the formal Notice of Meeting for full details.

KEY DATES

Annual General Meeting 28 November 2017

Half year results February 2018

Full year results August 2018

The Australian Securities Exchange will be notified of any changes to these dates.

salmat
REACH • CONVERT • SERVE