

Tuesday 28 August 2018

## Salmat reports growth in underlying profit after income tax from continuing operations

**Salmat Limited (ASX:SLM) today released its results for the year ended 30 June 2018.**

Full year revenue of \$250.2 million from continuing operations was down 3.2% on the prior year. Underlying EBITDA of \$20.3 million was marginally up on FY17. A net loss after tax of \$5.2 million was largely due \$16.6 million in significant item costs.

“These results reflect Salmat’s new, smaller continuing operations following a year of change,” said Salmat CEO Rebecca Lowde.

“The major contact centre business was sold following a comprehensive analysis of the entire Salmat Group through the strategic review process. We also sold the MessageNet business and some smaller digital businesses as part of the same review.

“We are now more clearly focussed on driving results from the remaining Marketing Solutions and Managed Services businesses,” said Ms Lowde.

### Group results - continuing operations

\$ million	FY18	FY17	Change pcp
Revenue	250.2	258.5	-3.2%
Underlying EBITDA	20.3	20.2	+0.5%
Underlying profit before income tax	13.7	10.2	+34.3%
Income tax expense	(2.3)	(0.9)	+155.6%
Significant items	(16.6)	(0.6)	NMF
Net profit/(loss) after tax	(5.2)	8.7	-159.8%

NMF = no meaningful figure

**Revenue** from continuing operations of \$250.2 million was down on the prior year by \$8.3 million. Revenue was impacted by volume declines in the catalogue business and reduced activity in the digital business. Continued pressure on clients in a weak retail environment also impacted revenue as discretionary spend reduced.

**Underlying EBITDA** from continuing operations of \$20.3 million was in line with the prior year, increasing \$0.1 million. Cost saving initiatives continued to have a positive impact.

**Underlying profit before income tax** from continuing operations of \$13.7 million was up \$3.5 million on FY17. Depreciation and amortisation was lower than the prior year as previous asset purchases continue to be written down.

**Significant items** totalled \$16.6 million for the year, compared with \$0.6 million in FY17. \$15.3 million of this related to an impairment on loss of goodwill in the Marketing Solutions operating segment. The remainder was due to restructuring costs following business sales.

**Net loss after tax** from continuing operations of \$5.2 million was largely due to the impairment cost. Underlying profit after tax but before significant items from continuing operations was \$11.4 million.

**Net cash** at 30 June 2018 was \$78.5 million, compared with \$8.9 million at 30 June 2017. The combined gain on proceeds from the sale of the divested businesses was \$51.8 million after tax. Cash was used for the final payment for the MicroSourcing acquisition, the repayment of all external debt and the payment of dividends to shareholders.

**Dividends** recommenced in FY18, with the payment of an interim dividend of one cent per share, fully franked, in April 2018. A special dividend of eight cents per share fully franked was announced in June 2018, following the completion of the contact centre business sale. The Board has also declared a fully franked final dividend of 2.0 cents per share, with a record date of 4th September 2018, payable on 4th October 2018.

### **Strategic priorities**

As the strategic review concluded, Salmat's key strategic priorities for FY19 were reviewed and refined. The sale of the contact centre business and non-core digital businesses has enabled a tighter focus on the Marketing Solutions and Managed Services segments, with specific growth and innovation actions set out for the coming year. Many of these initiatives are already underway.

The key strategic pillars for FY19 relate to Marketing Solutions Evolution, Sales Excellence and Operational Sustainability, underpinned by People. Specific programs under these relate to areas including the salmathub catalogue distribution app; Lasoo; data insights; automated collation technology; client engagement and retention; service standards; and culture. New business, revenue and profit growth are key to each of these initiatives.

"While FY18 saw some significant change to the Group, FY19 represents a fresh opportunity to revitalise Salmat's Marketing Solutions business and drive further growth in Managed Services," said Rebecca Lowde. "We have a well-defined path to innovate our existing capabilities and extend

Salmat's reach and market share. We look forward to sharing our progress during the year ahead."

-ENDS-

## **ABOUT SALMAT**

Salmat is a leading Australian marketing services provider. We help clients connect with their customers, week-in, week-out. Salmat's unique combination of targeted letterbox and online marketing channels enables clients to Reach, Convert and Serve their customers. We also provide a wide range of back office solutions, through our Philippines-based Managed Services business.

Founded in 1979, Salmat has evolved from a small letterbox distribution business to an ASX-listed company. With a talented team across three countries we work with some of Australia's most recognised and trusted brands.

Reach: We offer the broadest reach media (online & offline), with the ability to target individuals and up to 17 million people. Convert: We deliver conversion across multiple channels, creating more opportunities for our clients' customers to buy. Serve: We make every one of our clients' interactions count online and offline.

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