

**SALMAT**

# **SALMAT LIMITED**

## **2004 HALF YEAR RESULTS PRESENTATION 26 FEBRUARY 2004**

**PHILIP SALTER**

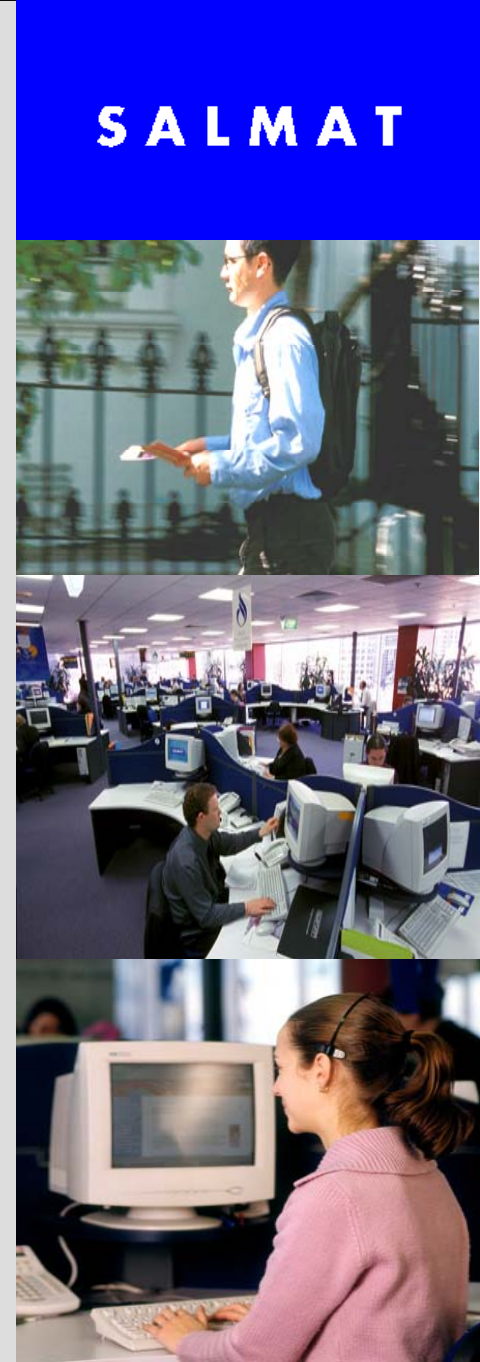
**Joint Managing  
Director**

**PETER MATTICK**

**Joint Managing  
Director**

**ASHLEY FENTON**

**Chief Financial  
Officer**



- ⇒ **40% Return on Capital**
- ⇒ **ANZ and Westpac wins**
- ⇒ **St George Supplier of the Year**



**Significant Increases in Non-traditional Targeted Media Customers**



**40 extra seats in Bundaberg call centre**



**ClientLogic becomes new partner in Philippines call centre operation**

# Operational Highlights

## Consolidated Results

**SALMAT**

	<b>Six Months to 31 Dec 2003</b> <i>\$ Mil</i>	<b>Six Months to 31 Dec 2002</b> <i>\$ Mil</i>	<b>Increase</b>
<b>SALES</b>	<b>167.0</b>	<b>141.6</b>	<b>18.0%</b>
<b>EBITA</b>	<b>18.5</b>	<b>17.3</b>	<b>7.1%</b>
<b>PROFIT AFTER TAX</b>	<b>11.0</b>	<b>9.5</b>	<b>15.1%</b>

# Group Result

## Double Digit Growth – Revenues & Profits

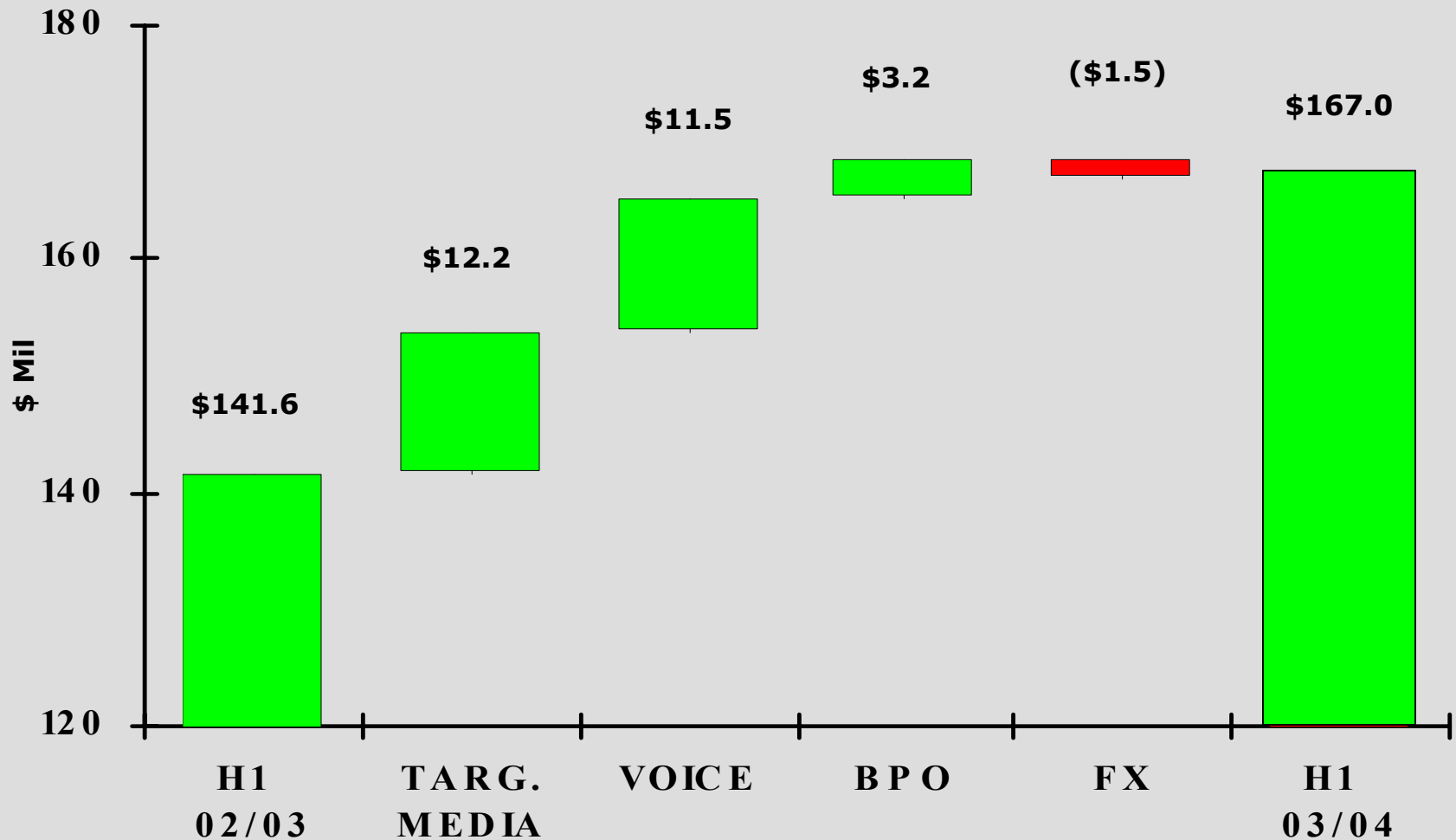
SALMAT

<i>six months to</i>	<i>31 Dec '03</i> <i>\$m</i>	<i>31 Dec '02</i> <i>\$m</i>	<i>Variance</i>
<b>Sales</b>	<b>167.0</b>	<b>141.6</b>	<b>18.0%</b>
<b>EBITDA</b>	<b>23.8</b>	<b>23.8</b>	<b>0.0%</b>
Depreciation	-5.3	-6.5	
<b>EBITA</b>	<b>18.5</b>	<b>17.3</b>	<b>7.1%</b>
Amortisation	-2.7	-0.9	
Interest	0.2	-0.8	
Tax Expense	-5.1	-6.1	
<b>Profit After Tax</b>	<b>11.0</b>	<b>9.5</b>	<b>15.1%</b>
<b>Net Capex Spend</b>	<b>4.5</b>	<b>3.8</b>	
<b>Dividend (cents)</b>	<b>5.0</b>	<b>3.0</b>	<b>66.7%</b>
<b>Earnings Per Share</b>	<b>9.5</b>	<b>8.2</b>	<b>15.1%</b>

# Revenue up 18%

## Strong Growth Across the Business

SALMAT



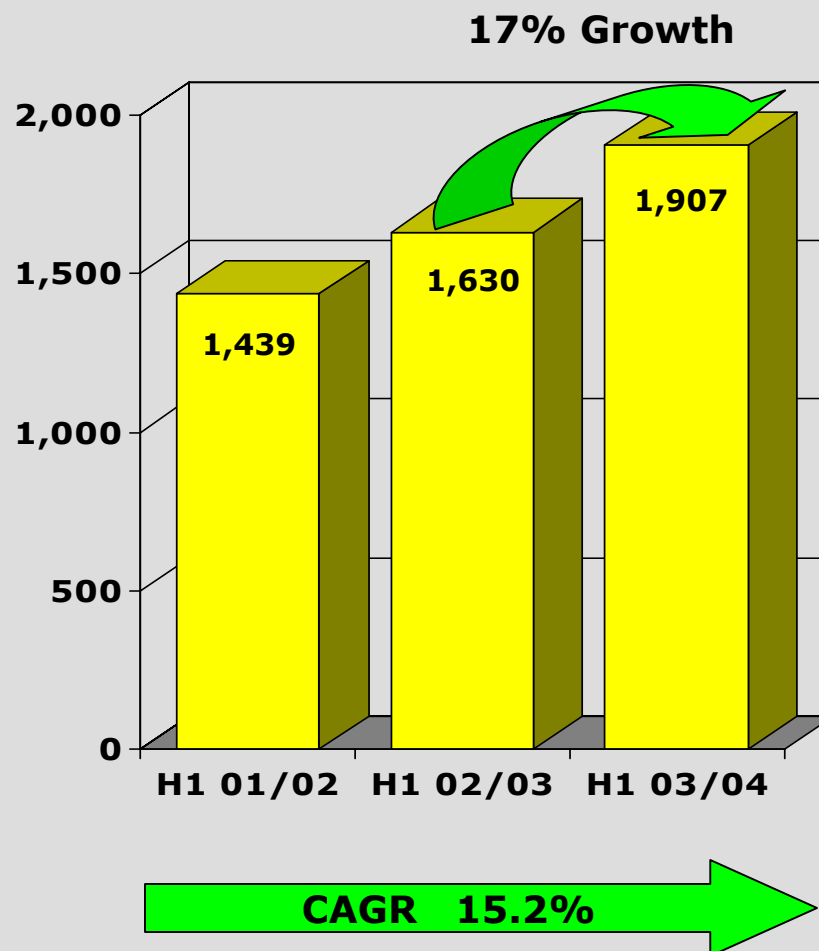
# Targeted Media

## Benefits of Shift to Direct Media

SALMAT

<i>six months to</i>	<i>31 Dec '03</i>	<i>31 Dec '02</i>	<i>Variance</i>
	<i>\$m</i>	<i>\$m</i>	
<b>Revenue</b>	<b>80.6</b>	<b>68.4</b>	<i>17.9%</i>
<b>EBITDA</b>	<b>18.5</b>	<b>15.8</b>	<i>17.1%</i>
Depreciation	-0.5	-0.6	
<b>EBITA</b>	<b>18.0</b>	<b>15.2</b>	<i>18.4%</i>
<i>EBITDA Margin</i>	<i>22.9%</i>	<i>23.1%</i>	<i>-0.2%</i>
<i>EBITA Margin</i>	<i>22.3%</i>	<i>22.2%</i>	<i>0.1%</i>

Catalogue volumes (Mil)



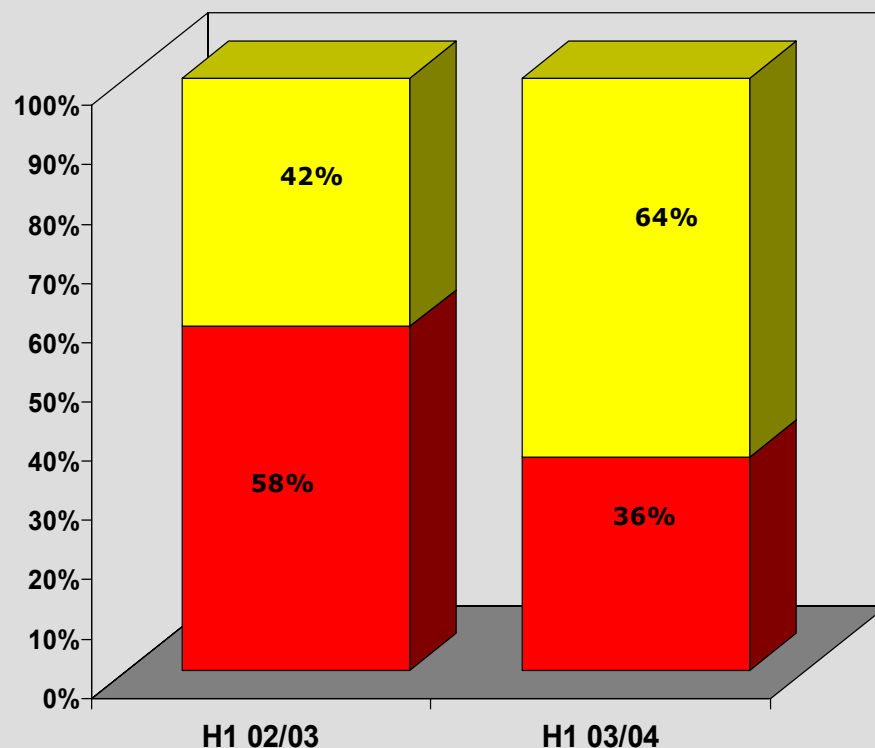
# Voice - Australia

## Significant Turnaround - Scale Developing

SALMAT

### Inbound vs Outbound

■ Inbound  
■ Outbound



<i>six months to</i>	<i>31 Dec '03</i>	<i>31 Dec '02</i>	<i>Variance</i>
	<i>\$m</i>	<i>\$m</i>	
<b>Revenue</b>	<b>19.5</b>	<b>8.0</b>	<b>145.0%</b>
<b>EBITDA</b>	<b>-0.2</b>	<b>-1.5</b>	<b>88.4%</b>
Depreciation	-0.5	-0.7	
<b>EBITA</b>	<b>-0.7</b>	<b>-2.2</b>	<b>68.2%</b>
<i>EBITDA Margin</i>	<i>-0.9%</i>	<i>-19.0%</i>	<i>18.1%</i>
<i>EBITA Margin</i>	<i>-3.5%</i>	<i>-27.3%</i>	<i>23.7%</i>

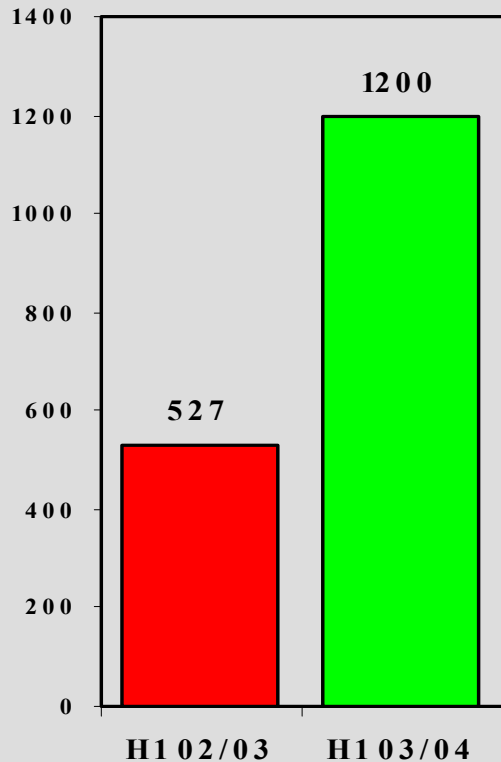
# Voice - Philippines

## Achieving Scale

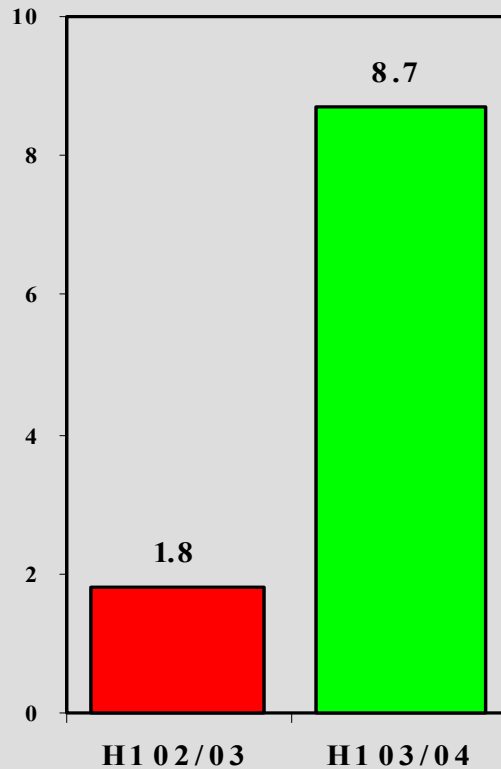
**SALMAT**

<i>six months to</i>	<b>31 Dec '03</b>	<b>31 Dec '02</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	
<b>Funding Provided</b>	<b>-2.5</b>	<b>-1.5</b>	<b>70.8%</b>

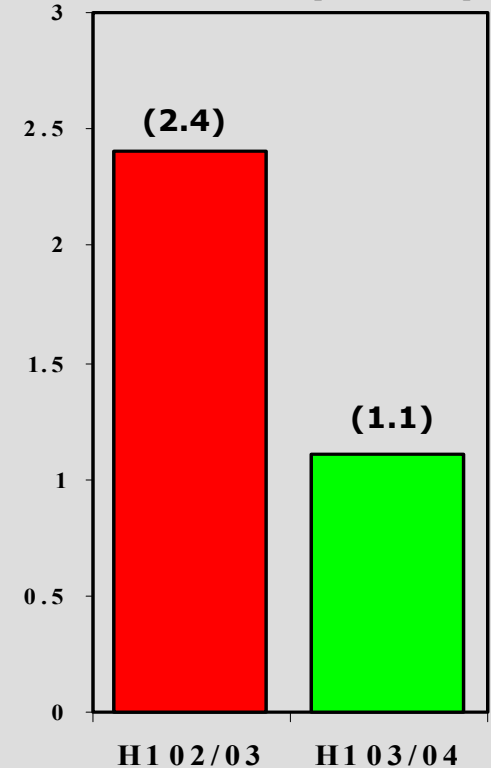
**CAPACITY (Seats)**



**TURNOVER (\$A Mil)**



**NET LOSS (\$A Mil)**



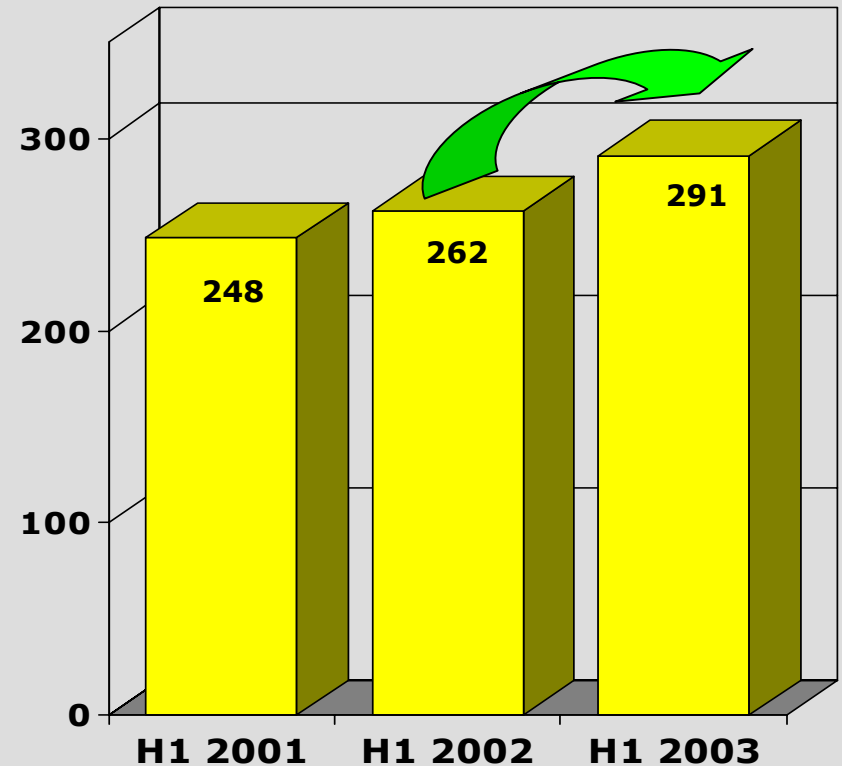
# BPO

## Sales Growth in Difficult Market

SALMAT

### Mailpack Volumes – Australia (Mil)

11% Growth



CAGR 8.3%

<i>six months to</i>	<i>31 Dec '03</i>	<i>31 Dec '02</i>	<i>Variance</i>
	<i>\$m</i>	<i>\$m</i>	
<b>Revenue</b>	<b>66.9</b>	<b>65.2</b>	<b>2.6%</b>
<b>EBITDA</b>	<b>11.0</b>	<b>12.3</b>	<b>-10.9%</b>
Depreciation	-3.0	-3.9	
<b>EBITA</b>	<b>8.0</b>	<b>8.4</b>	<b>-5.0%</b>
<i>EBITDA Margin</i>	<i>16.4%</i>	<i>18.9%</i>	<i>-2.5%</i>
<i>EBITA Margin</i>	<i>12.0%</i>	<i>12.9%</i>	<i>-1.0%</i>

# Cash Flow & Balance Sheet

## Strong and Well Positioned

SALMAT

<b>CASH FLOW - six months</b>	<b>Dec-03</b>	<b>Dec-02</b>
	<b>\$m</b>	<b>\$m</b>
Operating - pre tax	18.9	15.5
Tax	-9.2	-4.4
Capex / Acq'ns / JV	-8.3	-5.3
Dividends	-6.4	-2.0
IPO/Debt Repayment	0.0	-8.6
<b>NET MOVEMENT</b>	<b>-5.0</b>	<b>-4.8</b>

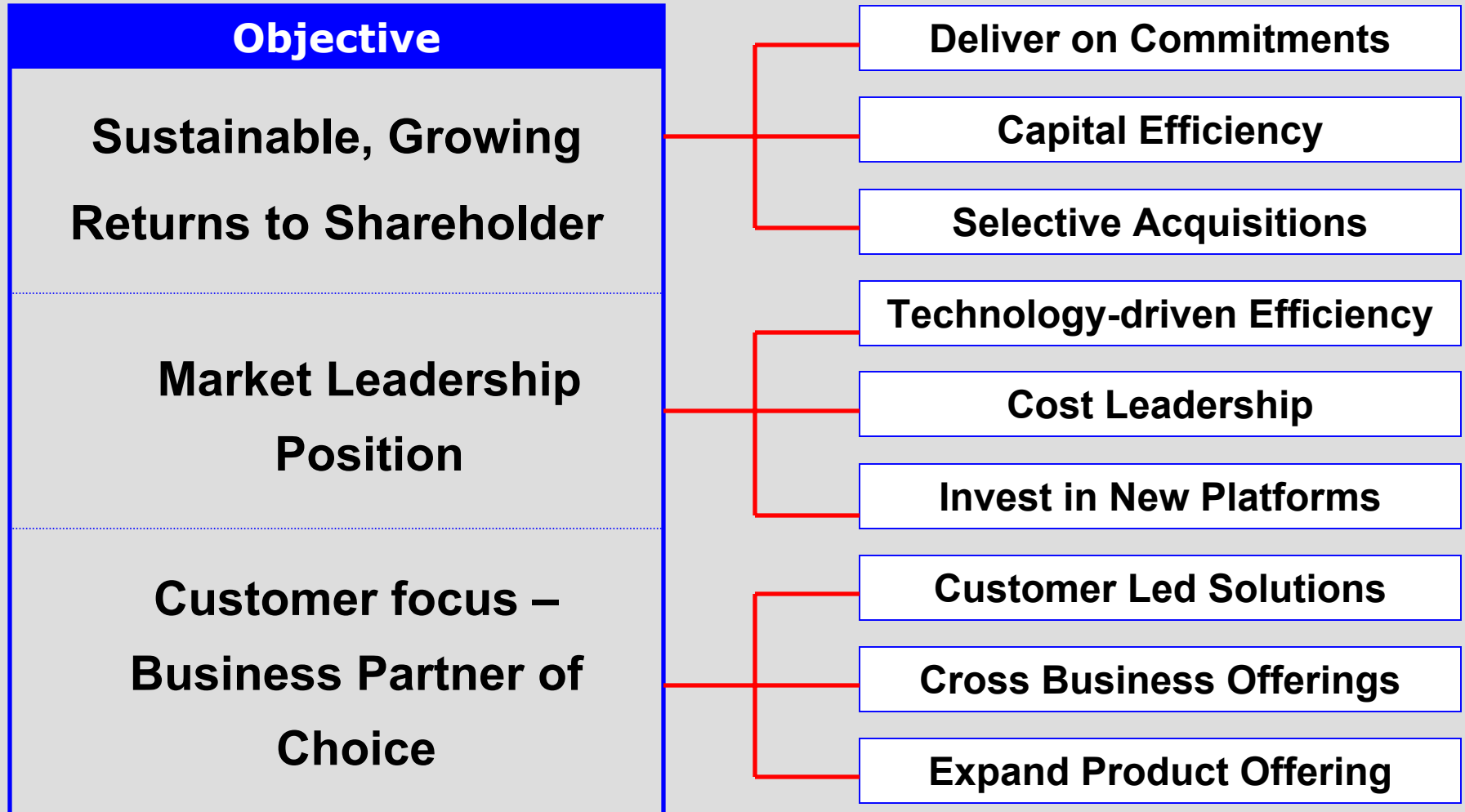
**21.9%  
increase**

<b>BALANCE SHEET</b>		
<b>Key Balances</b>		
<b>Return on Capital</b>	<b>40.6%</b>	<b>40.8%</b>
<b>Capital Employed</b>	<b>66.4</b>	<b>69.4</b>
<b>Cash (net)</b>	<b>10.7</b>	<b>0.7</b>
<b>Shareholder Equity</b>	<b>77.1</b>	<b>70.1</b>

# Three-Year Strategy

## Key Focus Areas

SALMAT



# Second Half FY 2004

## Key Focus Areas

SALMAT

### TARGETED MEDIA

- ⇒ Strengthen national network
- ⇒ Grow the market
- ⇒ Utilise our data capabilities

### VOICE

- ⇒ Organic growth
- ⇒ Consolidation of Telstra Retail
- ⇒ Philippines growth

# Second Half FY2004

## BPO Financial Services Strength

SALMAT

### Existing Customers



SUNCORP



**GE Commercial**  
*We bring good things to life.*

### New Customers



**American Express**  
Australia

# Outlook

Continue to Deliver Value

SALMAT

**REVENUES**

⇒ H2 Double digit growth

**PROFITS**

⇒ Full Year PAT up 20% - 25%

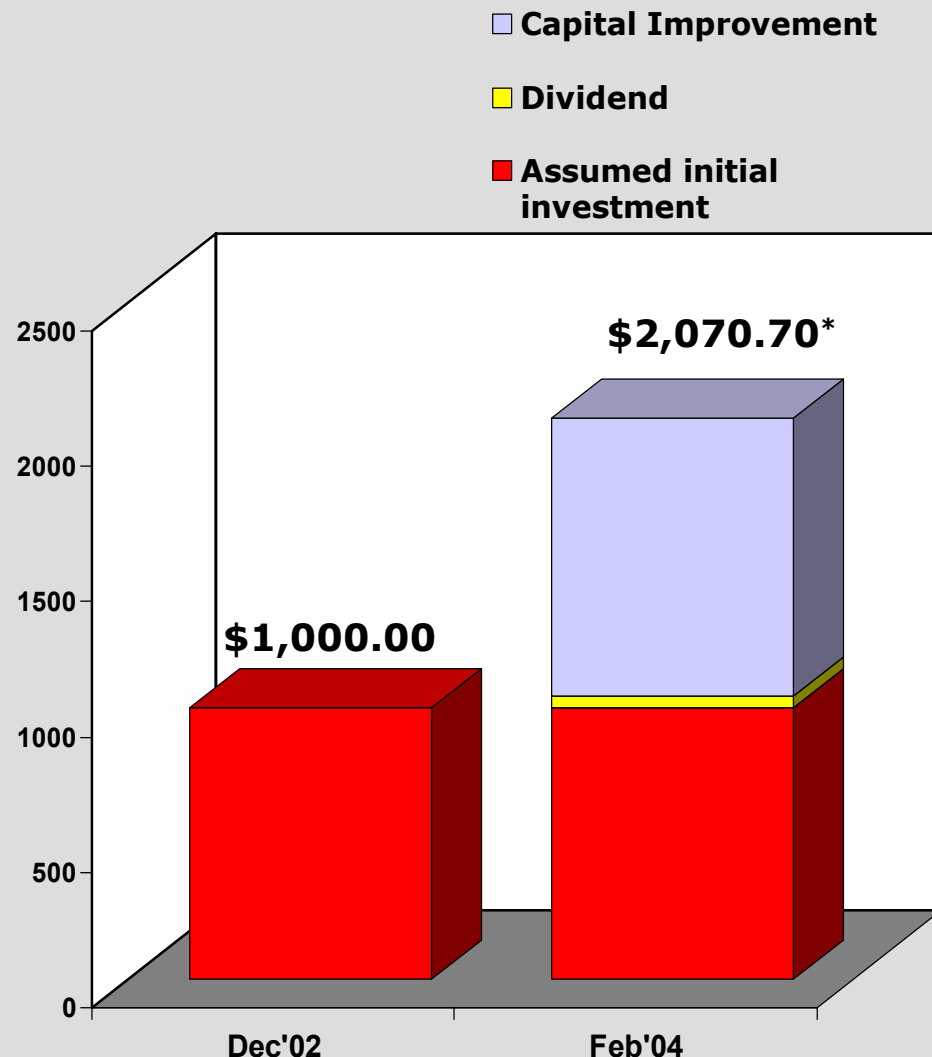
# Returns to Shareholders

SALMAT

**2004 is Salmat's  
25<sup>th</sup> Year in  
Business**

**Ten-year  
Compound Sales  
Growth of 13.6%**

**Return to  
Shareholders since  
IPO - 107.1%**



\* Based on ASX closing price 20<sup>th</sup> February 2004

**SALMAT**

**SALMAT LIMITED  
2004 HALF YEAR  
RESULTS PRESENTATION**

**APPENDICES**



# Summary by Business

**SALMAT**

<i>six months to</i>	<i>31 Dec '03</i> <i>\$m</i>	<i>31 Dec '02</i> <i>\$m</i>	<i>Variance</i>
<b>REVENUE</b>			
<b>Targeted Media</b>	<b>80.6</b>	<b>68.4</b>	<i>17.9%</i>
<b>Voice - Australia</b>	<b>19.5</b>	<b>8.0</b>	<i>145.0%</i>
<b>Business Process Outsource</b>	<b>66.9</b>	<b>65.2</b>	<i>2.6%</i>
<b>GROUP REVENUE</b>	<b>167.0</b>	<b>141.6</b>	<b><i>18.0%</i></b>
<b>PROFITABILITY</b>			
<b>Targeted Media</b>	<b>18.0</b>	<b>15.2</b>	<i>18.4%</i>
<b>Voice - Australia</b>	<b>(0.7)</b>	<b>(2.2)</b>	<i>68.2%</i>
<b>Voice - Philippines</b>	<b>(2.5)</b>	<b>(1.5)</b>	<i>-70.8%</i>
<b>Business Process Outsource</b>	<b>8.0</b>	<b>8.4</b>	<i>-5.5%</i>
<b>Corporate Centre</b>	<b>(4.2)</b>	<b>(2.7)</b>	
<b>GROUP EBITA</b>	<b>18.5</b>	<b>17.3</b>	<b><i>7.1%</i></b>

# Balance Sheet

Strong and stable

SALMAT

	Dec 2003 \$m	Dec 2002 \$m
Net Working Capital	11.7	11.7
Fixed Assets	35.5	36.4
Goodwill	28.2	28.6
Tax and Other Provisions	-8.1	-7.3
Net non-trading assets	-0.9	0.3
<b>Capital Employed</b>	<b>66.4</b>	<b>69.4</b>
Cash (net)	10.7	0.7
<b>Shareholder Equity</b>	<b>77.1</b>	<b>70.1</b>

# Cash Flow

## Impacted by tax timing

SALMAT

<i>six months to</i>	<b>31 Dec '03</b>	<b>31 Dec '02</b>
	<b>\$m</b>	<b>\$m</b>
<b>EBITDA</b>	23.8	23.8
Interest	0.2	-0.8
Tax Paid	-9.2	-4.4
Working Capital Change	-5.1	-7.6
<b>NET OPERATING CASHFLOW</b>	<b>9.7</b>	<b>11.0</b>
Net Capital Spend	-4.2	-3.8
Purchase of New Entity	-1.7	-
Joint Venture Funding	-2.4	-1.5
<b>NET INVESTING ACTIVITIES</b>	<b>-8.3</b>	<b>-5.3</b>
Net Proceeds From IPO	-	20.6
Repayment of Borrowings	-	-29.2
Dividends Paid	-6.4	-2.0
<b>NET FINANCING ACTIVITIES</b>	<b>-6.4</b>	<b>-10.6</b>
<b>NET MOVEMENT IN CASH</b>	<b>-5.0</b>	<b>-4.8</b>