

SALMAT

Full Year Results 30 June 2007



PHILIP SALTER
Joint Managing Director



PETER MATTICK
Joint Managing Director



ASHLEY FENTON
Chief Financial Officer

We are the Leader in Customer Communications in Australia

Highlights

- Significant strategic initiatives
 - VeCommerce
 - Dialect Interactive
 - ClientLogic Philippines
 - NZ Post joint venture
 - HPA recommended offer
 - Launch of Lasoo
- Strong sales growth – results in line with expectations

Financial Summary

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	Before Significant Items	After Significant Items
Sales		14.3%
PAT	1.5%	69.1%
EPS	0.8%	68.3%
Dividend		5.3% Plus a special dividend of 10 cents per share

Group Result

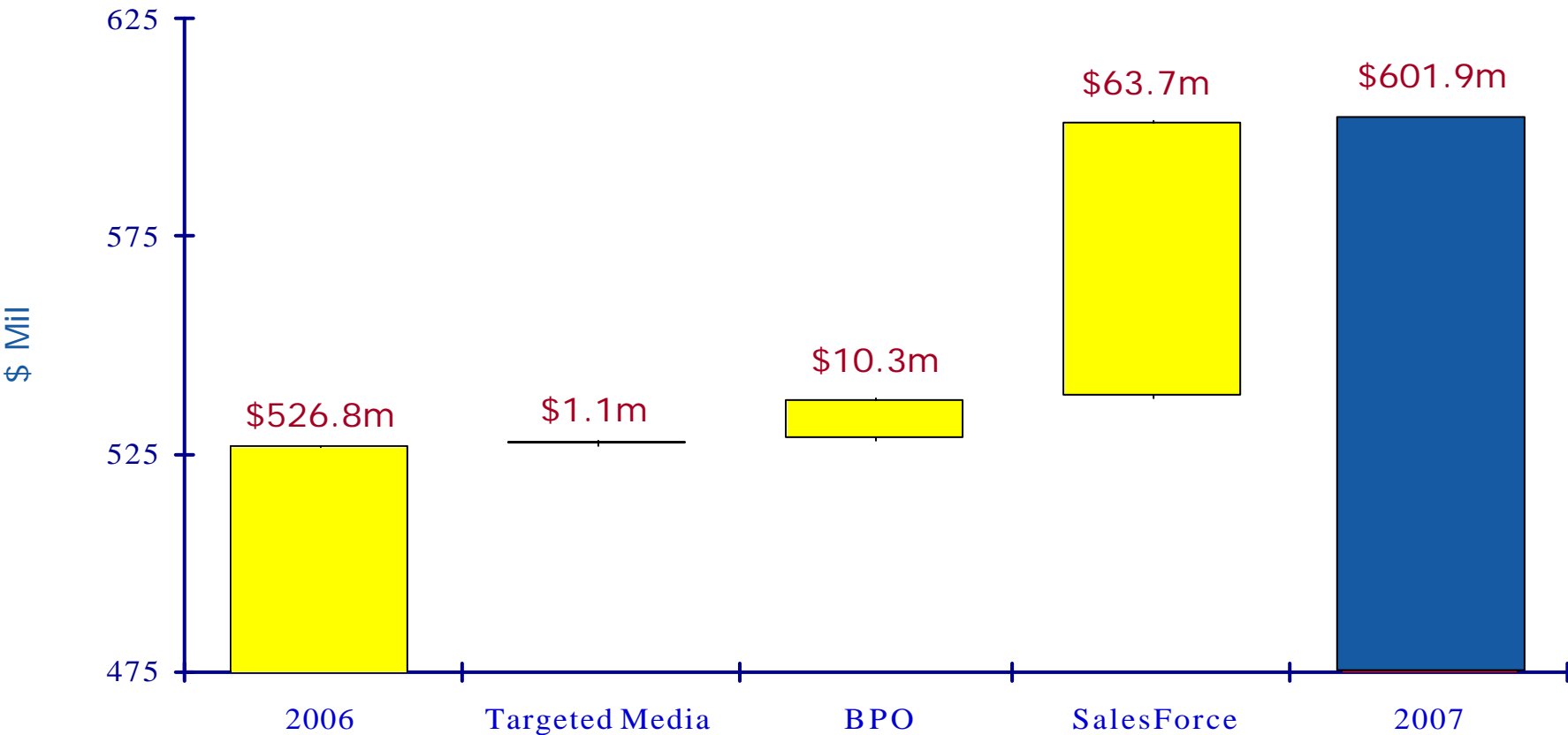
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<i>Year ended 30 June (\$m)</i>	<i>2007</i>	<i>2006</i>	<i>Increase</i>
SALES	601.9	526.8	14.3%
EBITDA	63.9	62.0	3.1%
Depreciation	(17.0)	(16.0)	
EBITA	46.9	46.0	2.0%
Amortisation	(1.5)	(1.4)	
Interest	(5.8)	(4.5)	
Tax expense	(12.0)	(12.9)	
Profit before Significant Items	27.6	27.2	1.5%
Significant Items (net)	16.7	(1.0)	
Net Profit After Tax	44.3	26.2	69.1%
Final dividend (cents)	10.0	9.5	5.3%
Earnings per share	37.7	22.4	68.3%

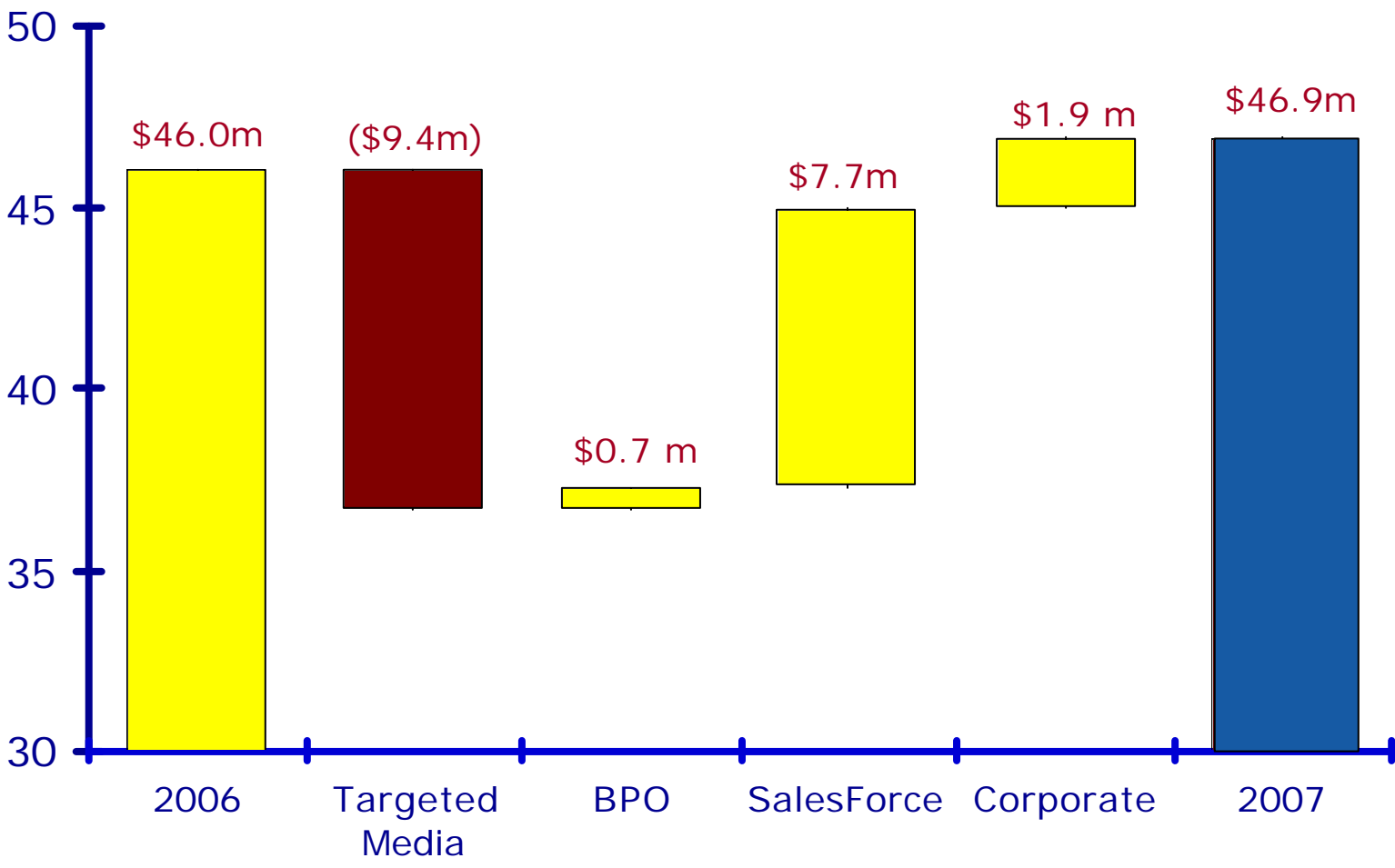
Significant Items (post-tax)

<i>Year ended 30 June</i>	<i>2007</i>	<i>2006</i>
First half		
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)
Second half		
Integration and restructure costs	(0.8)	(0.8)
New product development costs	(1.8)	0.0
Total for second half	(2.6)	(0.8)
Total for the year	16.7	(1.0)

Strong Revenue Growth up 14.3%



EBITA up 2.0%

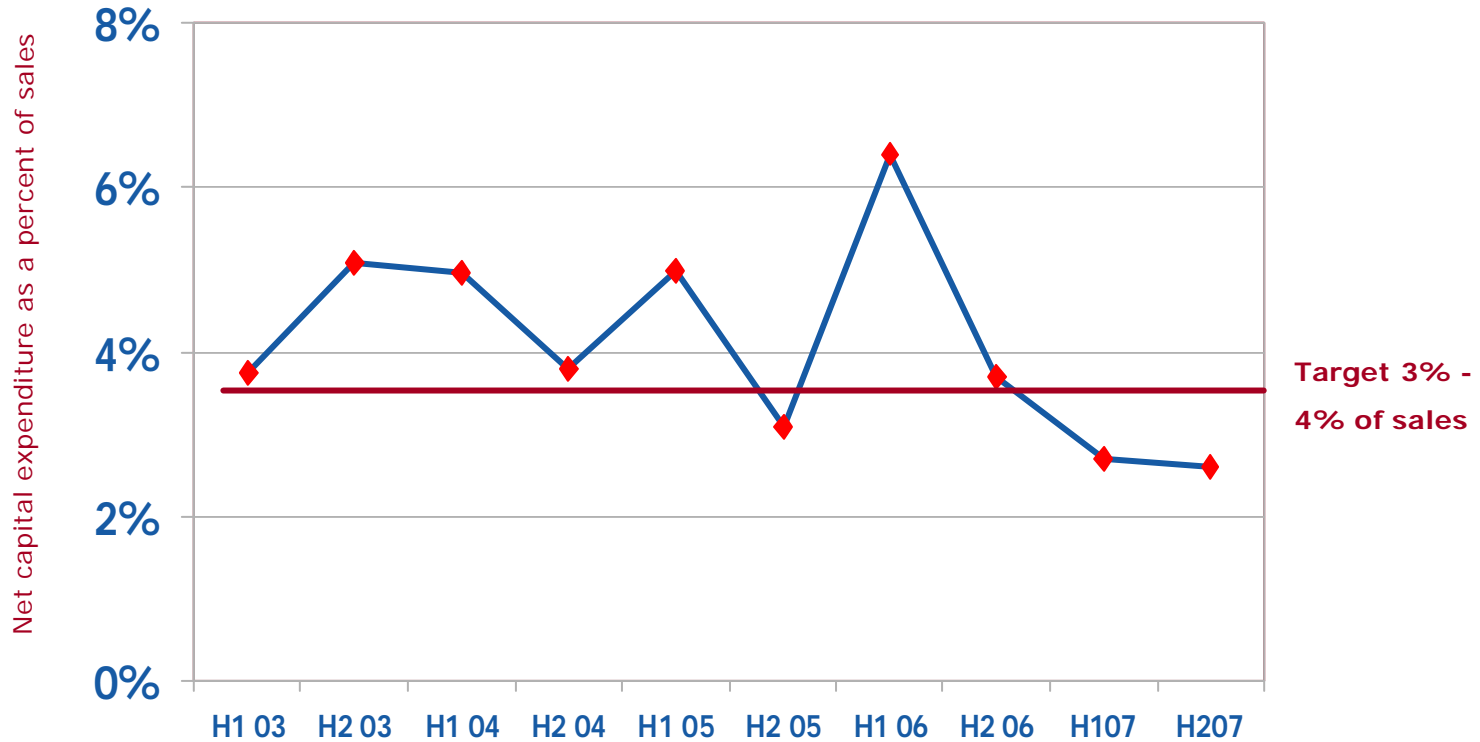


Cash Flow

<i>Year ended 30 June</i>	<i>2007</i>	<i>2006</i>
NET OPERATING CASH FLOW	32.1	28.1
Net capital spend	(15.9)	(26.7)
FREE CASH FLOW	16.2	1.4
Proceeds from sale of joint venture	28.4	0.0
Joint venture funding	4.9	4.9
Payments for acquisitions	(31.8)	(4.5)
Payment for development costs	(2.4)	0.0
Dividends	(32.3)	(18.7)
Other	1.2	1.6
Net cash movement	(15.8)	(15.3)

 14.2%

Capital Expenditure reduced to \$15.9 million



Targeted Media

Key Results

- Sales up 0.6% to \$181.1 million
- EBITA down 24.4% to \$29.1 million
- Delivered 4.4 billion items, up 2.1%
- EBITA margin down to 16.1%

Initiatives/Improvements

- Total accountability model enhanced
- New products – Dialect Interactive
- Proposed JV with New Zealand Post

Key Points

- Replaced lost volumes from major customer
- Competitive market environment
- Continued non-traditional customer strategy

Salmat Digital Advertising

- Dynamic Catalogue
- Dynamic Ad
- Lasoo.com.au



SalesForce

Key Results

- Sales up 35.4% to \$243.6 million
- EBITA \$16.9 million, up 101.2%
- Seats increased to 3,878 at 80% utilisation
- Call Centre EBITA margin up to 7.1%

Initiatives/Improvements

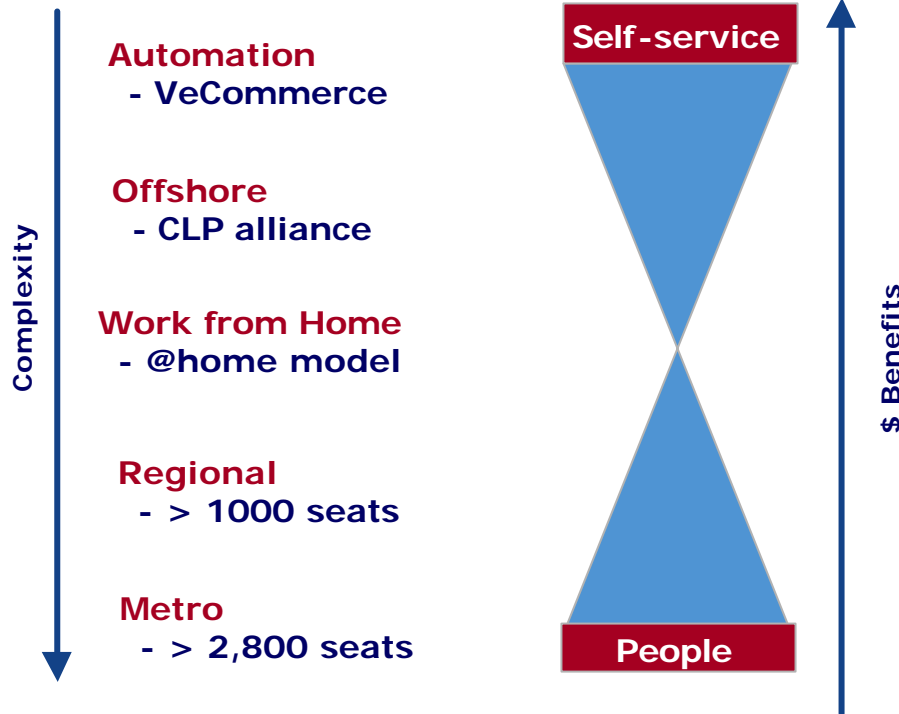
- Acquisition of VeCommerce
- Delivering product diversity
- @Home model operational

Key Points

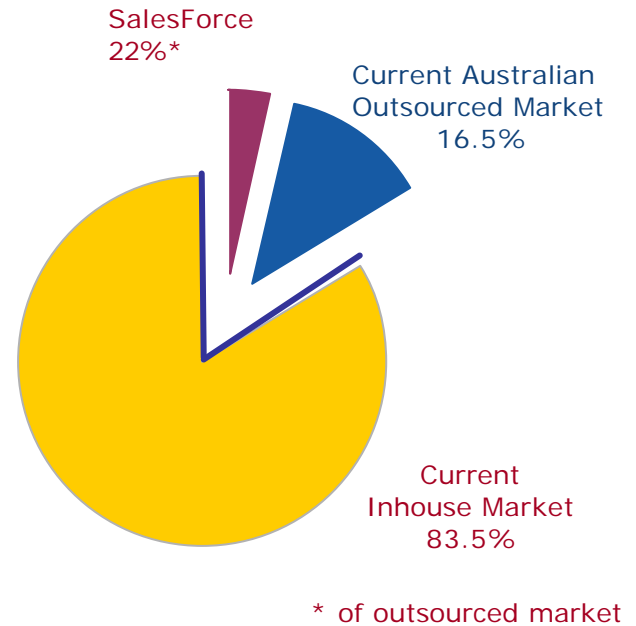
- Continued high utilisation – new seats required
- Manage significant growth

SalesForce – growth drivers

Product Offering



Market expansion



Source: IDC

Business Process Outsourcing

Key Results

- Sales up 6.2% to \$177.2 million
- EBITA up 9.0% to \$8.5 million
- Asian profitability

Initiatives/Improvements

- Ongoing cost control and productivity improvements
- Asia turnaround
- “E-Solutions”
- WA and SA POD acquisitions

Key Points

- Stability in pricing
- Realising benefit of investment in sites, systems and equipment

HPA update

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HPA

Streamlining Business

- Compelling market restructure opportunity
- Benefits for shareholders, staff and customers
- Strong strategic and cultural alignment
- Value creation via synergies and efficiencies

HPA Shareholders to meet mid-October 2007

Summary

- FY2007 has been a year of key strategic positioning
- Solid revenue base in three diverse businesses
- Ongoing cost control showing benefits
- HPA recommended offer
- Update at AGM on 14 November 2007

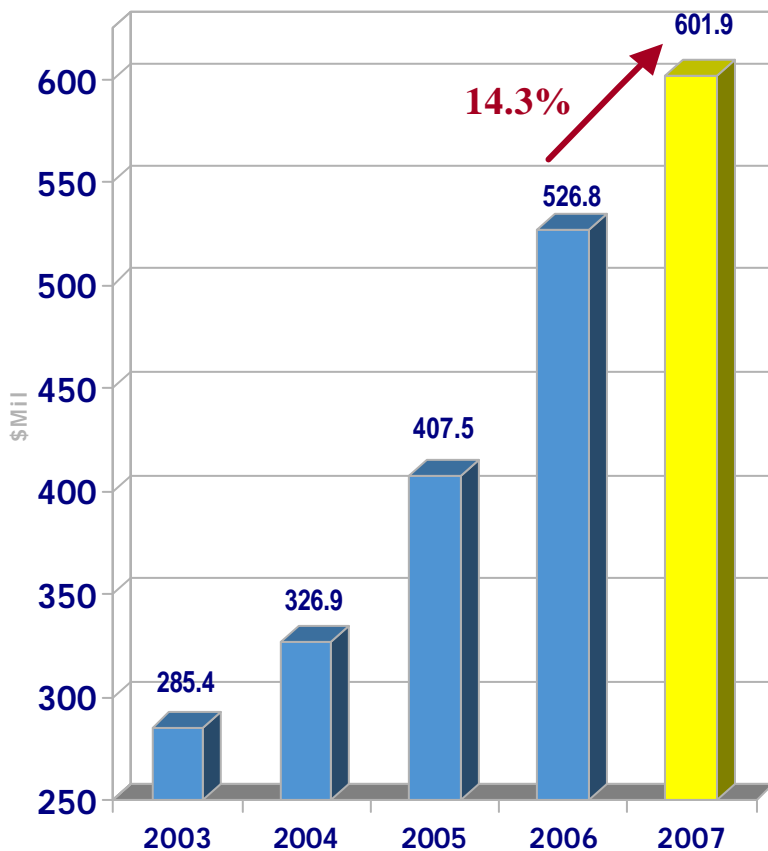
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Information Pack

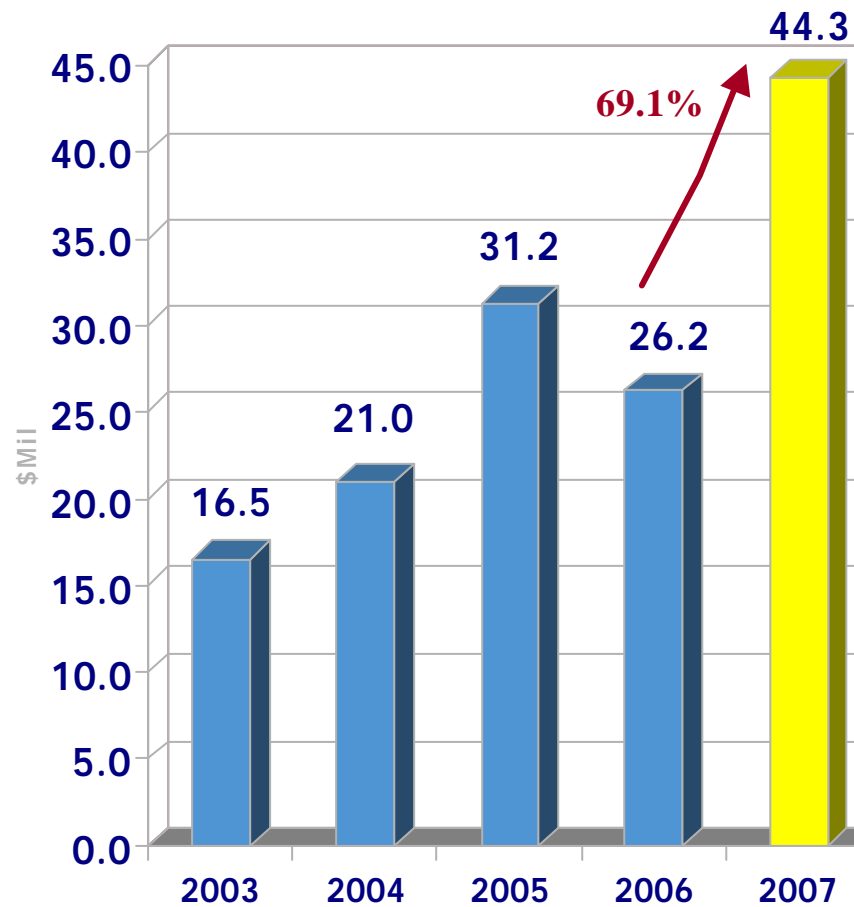
Revenue and Profit Growth FY03 to FY07

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PROFIT AFTER TAX

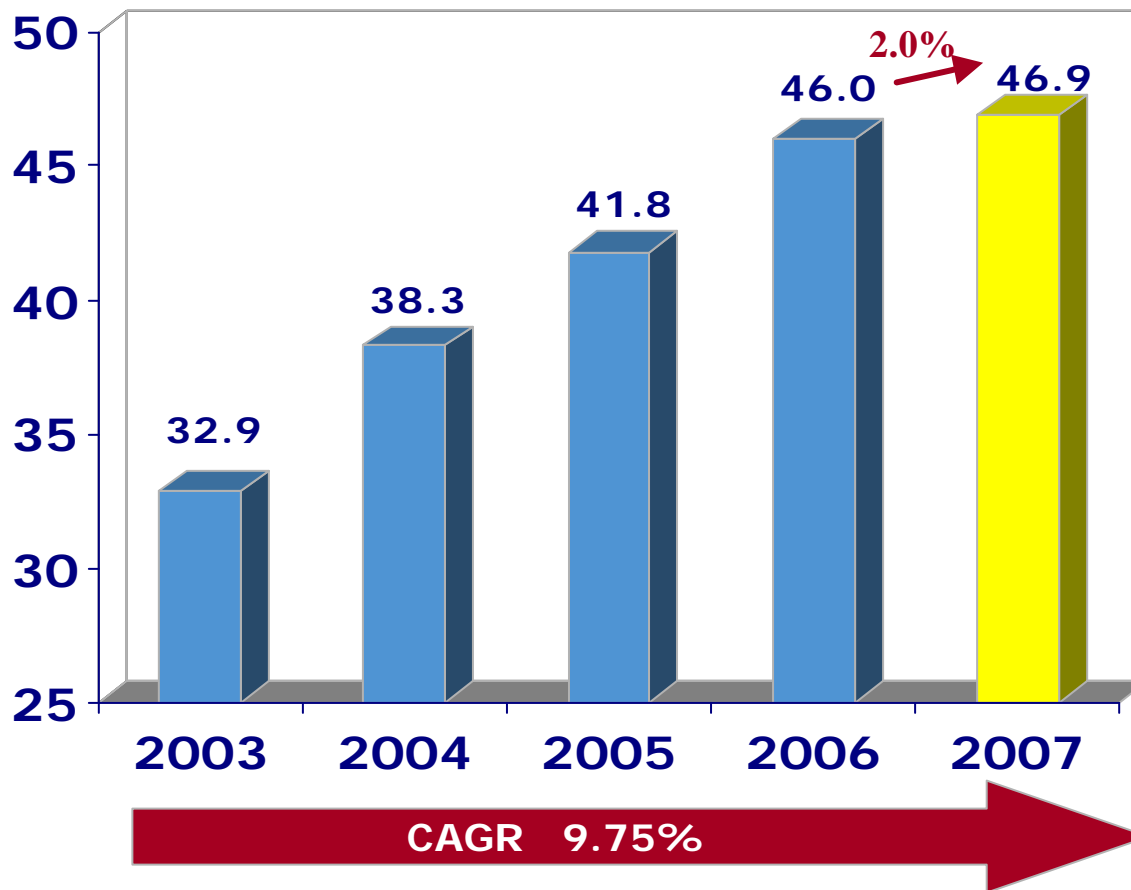


Divisional Summary

<i>Year ended 30 June</i> <i>(\$m)</i>	<i>2007</i>	<i>2006</i>	<i>Change</i>
REVENUE			
Targeted Media	181.1	180.0	0.6%
SalesForce	243.6	179.9	35.4%
Business Process Outsourcing	177.2	166.9	6.2%
GROUP REVENUE	601.9	526.8	14.3%
EARNINGS			
Targeted Media	29.1	38.5	(24.4%)
Business Process Outsourcing	8.5	7.8	9.0%
SalesForce	16.9	8.4	101.2%
Discontinued business - CLP	1.3	2.1	(38.1%)
Corporate Centre	(8.9)	(10.8)	17.6%
GROUP EBITA (before significant items)	46.9	46.0	2.0%

Group EBITA pre-significant items

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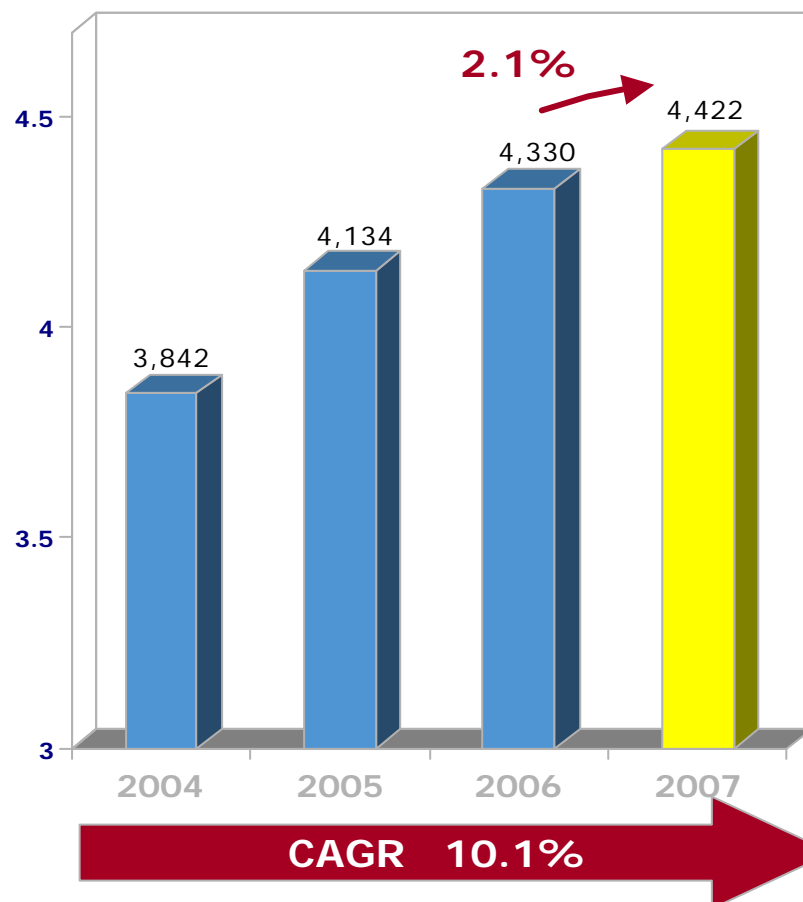


Targeted Media

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Year ended 30 June (\$m)	2007	2006	Increase
SALES	181.1	180.0	0.6%
EBITDA	30.5	39.4	-22.6%
<i>Margin</i>	16.8%	21.9%	-5.0%
Depreciation	1.4	0.9	
EBITA			
pre significant items	29.1	38.5	-24.4%
<i>Margin</i>	16.1%	21.4%	-5.3%

Distribution volumes (Mil)



Year ended 30 June (\$m)	2007	2006	Increase
Call centres	188.6	137.9	36.8%
Other	55.0	42.0	31.0%
TOTAL SALES	243.6	179.9	35.4%
TOTAL EBITDA	22.5	15.4	46.1%
<i>Margin</i>	9.2%	8.6%	0.7%
Depreciation	(5.8)	(4.9)	
Call centres	13.3	6.6	101.5%
Other	3.6	1.8	100.0%
TOTAL EBITA pre significant items	16.9	8.4	101.2%
<i>Call Centres Margin</i>	7.1%	4.8%	2.3%
<i>Other Margin</i>	6.5%	4.3%	2.3%
Total Margin	6.9%	4.7%	2.3%

Business Process Outsourcing

Year ended 30 June (\$m)	2007	2006	Increase / (Decrease)
SALES	177.2	166.9	6.2%
EBITDA	16.7	15.6	7.1%
<i>Margin</i>	9.4%	9.3%	0.1%
Depreciation	8.2	7.8	
EBITA			
pre significant items	8.5	7.8	9.0%
<i>Margin</i>	4.8%	4.7%	0.1%

Balance Sheet

As at 30 June (\$m)	2007	2006
Goodwill	106.7	82.2
Other intangible assets	1.7	2.0
Fixed assets	52.2	53.9
Other net assets	44.6	36.5
Net cash / (debt)	(83.7)	(67.9)
Shareholders Equity	121.5	106.7
Net debt to equity	68.9%	63.6%
Gearing	40.8%	38.9%

Cash Flow – first half

	<i>H1 07</i>	<i>H1 06</i>	<i>Variance</i>
NET OPERATING CASH FLOW	10.0	12.9	(22.5%)
Net capital spend	(8.1)	(16.8)	(51.8%)
FREE CASH FLOW	1.9	(3.9)	148.7%
Joint venture funding	4.9	2.1	133.3%
Payments for acquisitions	(30.6)	(0.8)	NMF
Dividends	(11.1)	(10.5)	5.7%
Other	0.9	0.3	200.0%
Net cash movement	(34.0)	(12.8)	165.6%

Cash Flow – second half

	<i>H2 07</i>	<i>H2 06</i>	<i>Variance</i>
NET OPERATING CASH FLOW	22.1	15.2	45.4%
Net capital spend	(7.8)	(9.9)	(21.2%)
FREE CASH FLOW	14.3	5.3	169.8%
Proceeds from sale of joint venture	28.4	0.0	NMF
Joint venture funding	0.0	2.8	(100.0%)
Payments for acquisitions	(1.2)	(3.7)	(67.6%)
Payments for development costs	(2.4)	0.0	NMF
Dividends	(21.2)	(8.2)	158.5%
Other	0.3	1.3	(76.9%)
Net cash movement	18.2	(2.5)	828.0%

Key Ratios

ROC 30%	PAT margin 7.4%
EBITDA margin 10.9%	Debt to Equity 68.9%
EBITA margin 7.8%	Gearing 40.8%

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**The Force in One to One
Communication**

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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.