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MEDIA RELEASE

Salmat delivers strong full year results

Salmat Limited has delivered strong double digit growth in earnings and net profit for the 2009/10 financial year and has passed these earnings to its shareholders through an increased final dividend.

“The results reflect a strong focus on streamlining and consolidating the Salmat business while aligning our suite of services through the One Salmat strategy to drive profitable growth.” said Chief Executive Officer, Grant Harrod.

Summary

Earnings growth was impressive for the financial year with earnings before interest, tax and amortisation (EBITA) increasing by 17.3% on the prior year to \$91.2 million. This exceeded the anticipated range of \$85-90 million.

Net profit after tax, but before significant items, increased by 43.8% to \$47.4 million. Net profit after tax and after significant items was up 42.5% to \$49.1 million. Salmat’s improved profitability led to an earnings per share of 31.1 cents: an increase of 43.3%.

Salmat’s strong position and the Board’s confidence in the company’s future led to the declaration of a final dividend of 12.5 cents, bringing the full year dividend total to 23.5 cents per share, fully franked - a 17.5% increase on the prior year. The Board has also declared a special dividend of 10.0 cents per share fully franked, bringing the total dividend to 33.5 cents per share, up 67.5% on the previous year.

“Our financial position is very positive, with excellent cash flow and plenty of headroom on our finance facilities. During the year, we managed to reduce our debt by more than \$33 million, with net debt standing at \$134.3 million by year end.” Mr Harrod said.

Cost control, productivity and margin enhancement programs have been very successful and have delivered excellent results during the year.

Importantly, Salmat has made significant progress in delivering on its One Salmat strategy, which aims to package all its services into an extremely compelling ‘one stop’ multi-channel communication solution for its clients, substantially improving the return on their marketing investment.

Outlook

The 2009/10 financial year built the foundations for strong future growth for Salmat.

Salmat anticipates that market conditions will remain fairly consistent over the next twelve months and that clients will continue to seek business solutions that drive revenue and enhance competitive advantage. Salmat offers a compelling suite of integrated communication solutions that enable clients to maximise the potential of each individual customer and improve the bottom line.

“With our strong cash flow and solid new business pipeline, we are in a prime position to capitalise on opportunities within our existing client base; extend into new markets such as the Small to Medium Enterprise (SME) space; and pursue strategic acquisition targets.” Mr Harrod said.

Further updates on these activities as well as a more detailed outlook for the year will be provided at Salmat’s Annual General Meeting in November 2010.

\$ million	Year ended 30 June 2010	Year ended 30 June 2009	% change
Normalised revenue	878.8	869.7	+ 1.0%
Reported sales revenue	878.8	890.8	- 1.3%
EBITA (before significant items)	91.2	77.7	+ 17.3%
Net profit before significant items	47.4	33.0	+ 43.8%
Significant items after tax	1.7	1.5	
Net profit after tax	49.1	34.5	+ 42.5%
Earnings per share (cents)	31.1	21.7	+ 43.3%
Final dividend per share (cents) – fully franked	12.5	11.0	+ 13.6%
Total full year dividend per share (cents) – fully franked	23.5	20.0	+ 17.5%
Special dividend per share (cents) – fully franked	10.0	-	NMF
Total dividend per share (cents) – fully franked	33.5	20.0	+67.5%

Full details about the announcement can be found at www.salmat.com

About Salmat

Salmat is Australia's leading outsourced services provider specialising in targeted customer communication solutions. We facilitate our clients' contact with their customers via an unmatched range of communication channel options – including voice, online, print, electronic and mobile - with comprehensive reporting on measurable results.

We have three key divisions, all of which are market leaders:

Targeted Media Solutions (TMS) delivers more than 5.9 billion unaddressed items to homes across Australia every year. The division uses up to date lifestyle and geo-demographic data to maximise the effectiveness of each campaign, and employs the latest technology to provide clients with real time campaign reporting and auditing. Furthermore, TMS undertakes promotional email, mobile and interactive voice response campaigns throughout Australia through its digital communication operation Salmat Interactive.

TMS launched Lasoo.com.au in 2007, and it is now the premier online pre-shop service for Australia's retailers. Lasoo provides a strong online presence for promoted items and catalogues, while consumers have a single means of assessing the best price and closest location for their desired purchases. Further growth in this developing sector is coming from Salmat's Dynamic Catalogue software product, which creates searchable catalogues on the retailers' own websites.

Customer Contact Solutions (CCS) engages in more than 100 million conversations per year for its clients. This division applies world-class technology and a highly trained staff to handle inbound and outbound phone, fax, email and online communication. It also provides face-to-face sales teams on behalf of clients in Australia, New Zealand and more recently in Asia. Tailored voice recognition applications and accredited e-Learning training are fuelling further growth.

Business Process Outsourcing (BPO) sends more than 1.2 billion 'essential' mail packs every year. The division manages outsourced business services for large corporate clients, using high end technology to engage consumers through bulk 'essential' and direct marketing communication, via mail, email or online, both outbound and inbound. BPO streamlines and improves delivery of these services and uses its data management capability to record, store and cross reference large amounts of archive information for clients in Australia, Hong Kong, Taiwan and the Philippines.

Over 30 years we have built a 7,000 plus strong team, experienced in contributing to our clients' growth by helping them to communicate effectively with their customers. This experience, together with our proprietary systems and technology and our strong client relationships, secures Salmat's position as Australia's – and increasingly the region's – leader in customer communication solutions.

For more information about the Salmat Group, please visit Salmat's website at www.salmat.com

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