

**1** refine strategy



**2** build out capabilities



**3** realise our multi-channel service platform vision



improve shareholder returns





Taking the lead from global consumer trends and the challenges faced by our clients, Salmat has validated and refined our growth strategy to build on our current capabilities and extend our competitive advantage.

## refine strategy

We have streamlined the business into two distinct yet integrated divisions. With a renewed focus on our core business, we are investing in smart technology platforms that enable us to deliver world-class yet cost-effective integrated communication solutions for our clients. We are bringing the online and offline together, supported by sophisticated consumer data insights.



## core divisions



Consumer Marketing Solutions brings together the Universal Catalogue and Influence platforms, for the seamless distribution of physical and digital catalogue content and multi-channel campaign management. Clients are able to deliver the right offer to the right customer through the right channel – all backed up by powerful data and automated workflow.

**\$16.7m**

Underlying NPAT

↑ 31.5%

**\$40.1m**

Statutory NPAT

↑ 32.3%

**118%**

EBITDA conversion to cash flow

↑ 80bp

..... improve shareholder returns

+

**3**

**realise our vision**

**to be Australia's  
leading multi-channel  
communication partner**



**CES**

customer  
engagement  
solutions

Customer Engagement Solutions incorporates the Reach platform and Direct Sales to enable clients to obtain a single view of customers across multiple channels and points of contact. Intelligent call routing, real-time customer data and workflow and virtual cloud-hosted contact centres enable smart customer relationship management for our clients and a seamless experience for consumers.

# in context...

## Strategy



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With a confusing array of options, businesses need support to develop their marketing strategies.

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Salmat's experienced team can work with our clients to help maximise their return on communication investment.

## Consulting



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In the current economic climate, organisations need to ensure they employ best practice wherever possible.

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Salmat's specialised consulting services can help identify the key drivers for business improvement.

## Multi-channel communication



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Consumers demand a seamless experience, regardless of the medium.

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Salmat helps clients achieve consistency across letterbox, email, phone, web and more.

## Reach



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Clients need to engage with customers across voice, mobile, email and more – and keep track of these interactions.

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Reach is a cloud-hosted multi-channel contact management system backed up by real-time data.

## Direct Sales



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Face-to-face contact is one of the most effective ways to acquire new customers.

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Direct Sales offers field-based marketing services, supported by smart mobile technology.

## Local Direct Network



.....  
Small businesses have limited options when it comes to marketing on a budget.

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Salmat's LDN solution enables smaller operators to access premium services at an affordable rate.

## Lasoo



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Consumers increasingly head online to compare products and prices before shopping.

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Lasoo takes catalogues online and on the road via mobile applications.

## Voice



.....  
Efficient and reliable contact centres are crucial for customer satisfaction.

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Salmat offers a range of options, from in-house to offshore, that can be built as fast as 20 minutes.

## Speech solutions



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Businesses demand high-performance, high-volume telephony technology to automate and route calls.

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Salmat automates more than 97 million conversations every year, with the latest interactive technologies.

### Single view of customer



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Clients need to capture the many separate customer interactions across multiple channels.

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Salmat integrates the various contact points and data flows so that clients have it all at their fingertips.

### Universal Catalogue



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Consumers love catalogues and increasingly want to interact with both paper and online versions.

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Universal Catalogue integrates online and offline catalogues with social and smart mobile applications.

### Influence



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Marketing campaign management today is more challenging than ever.

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Influence helps clients effectively target consumers in the most efficient manner possible.

### SMS



.....  
Mobile messaging traffic will reach 28.2 trillion annually by 2017, nearly double the 2012 traffic.

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Salmat's SMS service can effectively manage appointment reminders, order tracking and more.

### Social



.....  
Social media is a crucial channel for marketers to communicate with consumers.

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Salmat helps clients engage the power of social media with competitions, campaigns and feedback channels.

### Consumer data



.....  
'Big data' is the latest concept for organisations seeking to improve their consumer knowledge.

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Salmat combines our own consumer knowledge with client data to gain deeper insights and improve the customer experience.

### e-commerce



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The Australian market has been lacking a mid-range option for online retailing.

.....  
Salmat's hosted e-commerce platform offers world-class online retail at a reasonable price.

### Email



.....  
Email is a very effective channel for customer engagement, averaging a \$40 return on every dollar spent.

.....  
Salmat can create effective email campaigns that compel customers to take immediate action.

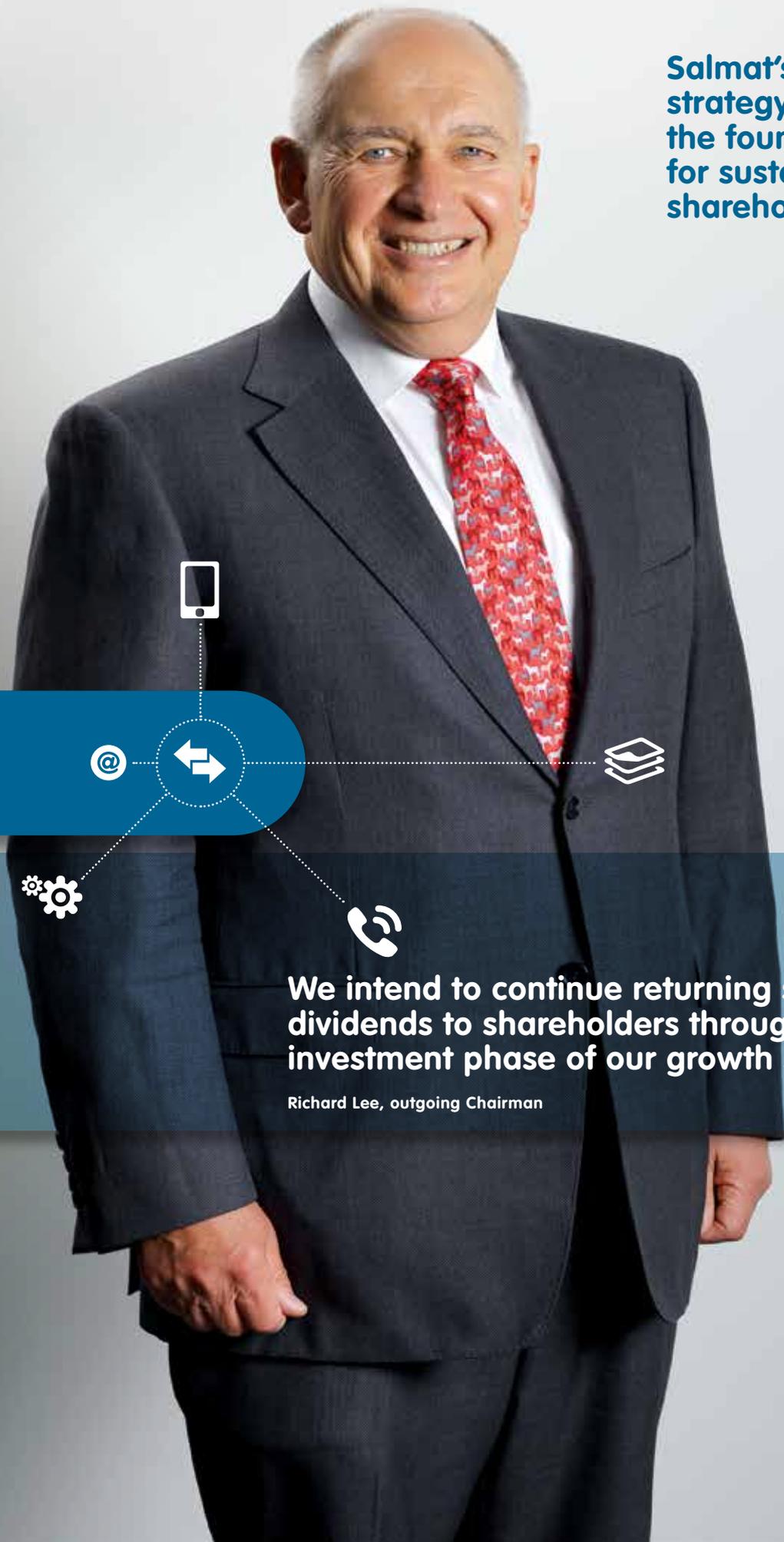
### Learning services



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Organisations want flexible, cost-effective training options.

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Salmat Express online training modules can be completed anywhere, any time.

**Salmat's growth strategy sets the foundation for sustainable shareholder returns.**



**We intend to continue returning solid dividends to shareholders throughout the investment phase of our growth strategy.**

Richard Lee, outgoing Chairman

The past year saw some very significant strategic developments at Salmat, with the divestment of the Business Process Outsourcing (BPO) division and the streamlining of the remaining business into the two key divisions of Consumer Marketing Solutions and Customer Engagement Solutions.

### Key highlights

The successful sale of the BPO division and the launch of Salmat's new growth strategy were clearly the major highlights of the past twelve months and these are detailed further below.

Some of the other notable highlights of 2012/13 included:

- Salmat closed the year with a strong net cash position of \$90 million at 30 June 2013. This combined with our existing debt facilities provides the business with significant flexibility as we consider strategic acquisitions and undertake platform building.
- The cost savings program announced at the 2012 AGM remains on target, with \$5 million run rate savings to date and the full \$10 million in annualised savings to be realised by the 2015 financial year.
- Salmat achieved underlying EBITA within guidance, at \$25.8 million. This was after \$4.5 million invested in operating expenditure as part of the growth strategy.
- Salmat's positive cash position and reduced interest bill helped the business to post an underlying profit (NPAT) figure of \$16.7 million, up 31.5% on the previous year.
- Both the underlying and statutory earnings per share were up by 30% or more, at 10.5 cents and 25.4 cents respectively.
- A total of 32.5 cents per share, fully franked, was paid in dividends for the year, including a special dividend of 21 cents per share. This was the largest full year dividend paid since Salmat's float and means that investors who have held shares since the \$1.90 listing in December 2002 have now received a return over and above the initial price paid, receiving a total of \$2.28 in fully franked dividends.

### Board and CEO changes

There were several important developments at a Board and senior executive level during the year.

As announced in February 2013, I have decided to retire from the Salmat Board and will not stand for re-election at the upcoming 2013 Annual General Meeting in November. As such, I handed over Chairman duties to Peter Mattick as of 1 July 2013 and took on the position of Lead Independent Director. John Thorn will be appointed as Lead Independent Director following my retirement. The Board is currently seeking to recruit an additional independent Director.

In June 2013, Salmat announced that CEO Grant Harrod would be leaving the company on 1 July 2013, by mutual agreement with the Board. On behalf of the Board, I would like to thank Grant for his loyal service and leadership through a significant period of transition in the business. Grant achieved a great deal in his time with Salmat and we wish him all the best for his future endeavours.

Peter Mattick has been serving as interim CEO since Grant's departure and will continue to fulfil this role until a new CEO is appointed.

### Strategic direction

The strategic sale of the BPO division for \$375 million in October was the largest divestment of its kind in Salmat's history. This marked the end of an era as we farewelled what had grown to become Salmat's largest business division, but also signalled the beginning of a new and exciting phase in our evolution.

Communication and the way we as consumers interact with businesses has evolved rapidly over the past few years. Salmat has always led the way for clients, investing in world-class technology and forging a path with the latest innovation to best meet their communication needs.

The decision to divest BPO and concentrate on the two core service areas of Consumer Marketing Solutions and Customer Engagement Solutions was a timely and important step towards realising Salmat's vision to be the leading multi-channel communication and engagement provider in the Australasian marketplace.

This first step marked the beginning of a three-year strategic growth plan, as detailed at our Investor Briefing in July 2013, where FY13 saw the refinement and redefinition of the business; FY14 will be a year of investment and building out the technology platforms that support our vision; and FY15 will be when the various solution platforms come together and enable Salmat to provide a truly integrated multi-channel communication and engagement solution.

It's a strategy that the Board and management believe will deliver competitive advantage for Salmat and ongoing benefits for our shareholders.

While there has been a good initial response to the new services and technologies already launched, there is still further time and investment required to realise the full benefits of this initiative. In recognition of this fact, the Board has committed to paying dividends of 15 cents per share in FY14, in order to provide some certainty to shareholders during the strategy implementation phase.

### Capital management

Following the divestment of BPO in October, Tranche A and B of our senior debt facilities were cancelled, Tranche C was fully drawn at \$99 million and we had a net cash position of approximately \$100 million.

With a primary objective of maximising shareholder returns, while maintaining financial strength and operational flexibility, the Board elected to return around \$40 million of the sale proceeds via an interim and special dividend.

For FY13, full year dividends totalled 32.5 cents per share, fully franked, including ordinary dividends of 11.5 cents per share and a special dividend of 21.0 cents per share. Dividends paid during the period totalled \$56.7 million.

Following careful consideration of capital investment priorities and capital management initiatives, the board announced on 25 July 2013 its intention to pay dividends of 15 cents per share fully franked for FY14, subject to the normal approval process and there being no unexpected material events.

Beyond this period, the company will consider dividends in the context of its established policy, which aims to increase dividends in line with profits and the growth of the business, while ensuring adequate capital for the group's continuing development.

### Thank you

On behalf of the Board, I would like to thank the entire Salmat team for a great effort during a busy and challenging year in 2013. Thanks also to my Board colleagues for their important contribution and to our valued shareholders, clients and partners for your continued support.

I've greatly enjoyed my association with Salmat. It has been an honour to serve as Chairman for almost 11 years and oversee the development of such an exciting and innovative company.

With his intimate knowledge of the business over the past 34 years, Salmat co-founder Peter Mattick brings insight and experience to the Chair and will be a valuable guide as the business executes its strategic growth plan over the next few years.

I look forward to following Salmat's future success and wish the Board, management and staff all the best for this next stage of evolution.



**Richard Lee**  
Outgoing Chairman



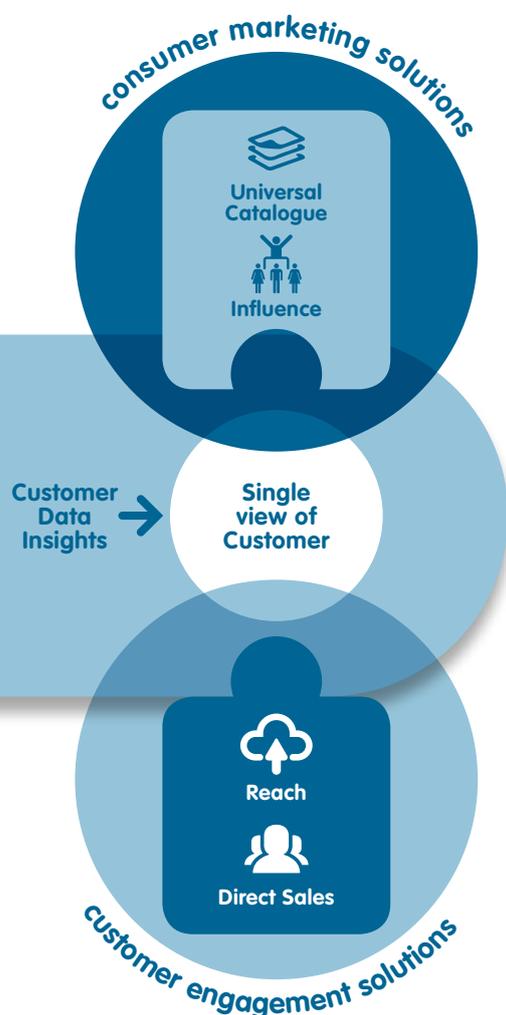
**Salmat is in a great position,  
with a cash surplus, a solid growth  
strategy and exciting prospects.**

Peter Mattick, Chairman and interim Chief Executive Officer



The past year has set the groundwork for Salmat's next few years of growth. While there is still further investment and time required to realise the full benefits of the initiative, we are well on the way to achieving our vision of being the leading multi-channel communication and engagement provider in the Australasian marketplace.

## Salmat's two integrated divisions use platform-based solutions and data insights to provide clients with a single view of customers across multiple interactions.



First of all, I'd like to acknowledge Grant Harrod, who was CEO for the duration of the past financial year, having joined Salmat in April 2009. Grant played a pivotal role in developing Salmat's current growth strategy and put in a lot of hard work to oversee both the successful sale of the BPO business and the reorganisation of the business post-divestment. Thank you, Grant, for your valued contribution.

### Financial performance

In the context of a busy, transitional year, Salmat has achieved a reasonable financial result, with underlying EBITA within guidance and both underlying and statutory net profit after tax up by more than 30% on the previous year.

Revenue of \$467.6 million was down by 7.9% on the previous year for continuing operations. A difficult trading environment impacted all participants across the Australian retail landscape, which had a flow-on effect to some of Salmat's service areas. Direct Sales was particularly impacted by energy retailers leaving the channel under regulator pressure. Revenue was also reduced due to discontinued business within the CES division and the decision to close some non-strategic digital services. Catalogue market share remained largely resilient, with the market experiencing moderate reductions in volumes.

Underlying EBITA of \$25.8 million was down by 17.6% on the prior year for continuing operations. The largest impact on EBITA was investment in the growth strategy, which had an impact of \$4.5 million on the P&L in FY13 and is expected to total \$12 million in FY14. EBITA was also impacted by the lower revenue and exited businesses. Some parts of the business – notably contact centres – did achieve strong margin growth as more value-added contracts replaced older low-technology contracts, however this was offset by reductions in other areas such as Direct Sales and catalogues.

Significant items before tax amounted to costs of \$12.5 million, compared with \$2.2 million in the prior year. These costs related to restructuring and separation associated with the BPO sale and an intangibles impairment charge for a number of non-strategic digital businesses that were discontinued during the year.

With the sale of the BPO business, we ended the year with a strong net cash position of \$90 million, compared with net debt of \$241.6 million at 30 June 2012. This cash position also followed a total of \$56.7 million in dividends paid to shareholders during the year.

### Results (in \$ millions except where stated)

|   | 2009    | 2010    | 2011    | 2012    | 2013                |
|---|---------|---------|---------|---------|---------------------|
| <b>Financial performance</b>                              |         |         |         |         |                     |
| Revenue   | 892.3   | 880.2   | 863.9   | 823.9   | 467.6 <sup>1</sup>  |
| Underlying EBITDA <sup>2</sup>                            | 101.4   | 113.0   | 109.6   | 103.5   | 36.3 <sup>1</sup>   |
| Underlying EBITA <sup>3</sup>                             | 77.7    | 91.2    | 88.6    | 80.9    | 25.8 <sup>1</sup>   |
| Net significant items included in the result (before tax) | 4.3     | 2.4     | (9.2)   | (5.7)   | (12.5) <sup>1</sup> |
| EBIT  | 70.2    | 83.0    | 67.4    | 62.9    | 11.2 <sup>1</sup>   |
| Statutory net profit after tax (NPAT)                     | 34.5    | 49.1    | 36.0    | 30.3    | 40.1                |
| Earnings per share (cents)                                | 21.7    | 31.1    | 22.7    | 19.2    | 25.4                |
| <b>Cash flow</b>  |         |         |         |         |                     |
| Operating cash flow                                       | 80.9    | 84.9    | 40.7    | 77.6    | 20.9 <sup>1</sup>   |
| Cash capital expenditure                                  | 18.0    | 12.9    | 23.8    | 18.2    | 12.9                |
| Net (debt)/cash   | (167.5) | (134.3) | (258.3) | (241.6) | 90.0                |
| Interest coverage ratio (%)                               | 5.6     | 8.8     | 6.5     | 4.9     | 99.1                |
| Gearing (%) <sup>4</sup>                                  | 37.3    | 31.2    | 48.2    | 47.1    | 0                   |
| <b>Other key measures</b>                                 |         |         |         |         |                     |
| Underlying EBITDA margin (%)                              | 11.4    | 12.9    | 12.7    | 12.6    | 7.8                 |
| Statutory net profit margin (%)                           | 3.9     | 5.6     | 4.2     | 3.7     | 8.6                 |
| Return on capital employed (%)                            | 14.5    | 18.6    | 13.9    | 11.7    | 14.0                |
| Employees (full time equivalent)                          | 6,014   | 6,791   | 5,422   | 5,119   | 3,404               |
| <b>Dividends</b>  |         |         |         |         |                     |
| Ordinary dividends (cents per share)                      | 20.0    | 23.5    | 24.0    | 19.0    | 11.5                |
| Special dividends (cents per share)                       | —       | 10.0    | —       | —       | 21.0                |

1) Continuing operations following divestment of BPO.

2) Earnings before interest, tax, depreciation and amortisation.

3) Earnings before interest, tax and amortisation.

4) Net debt: net debt + shareholder funds.

### Strategic progress

As Rick has outlined, the past financial year marked the important first stage of our strategic growth plan, with the sale of BPO and the clear alignment of the remaining business within Consumer Marketing Solutions (CMS) and Customer Engagement Solutions (CES). A detailed overview of our growth strategy was provided at an Investor Briefing in July: a video of this briefing is available on the Salmat website.

The BPO separation is a complicated process taking place over an 18 month period and involves the disengagement of decades worth of interconnected IT systems and infrastructure. The separation remains on schedule to be completed by March/April 2014. Once this process is complete, the full balance of our targeted \$10 million annualised savings will be realised, by FY15.

Within CMS and CES, we undertook some significant platform-building during the year, which will continue throughout 2014.

These technology-based platforms deliver sophisticated, integrated communication solutions to our clients on a variable-cost model, which means an affordable solution with significantly reduced set up and investment costs for our clients and a variable cost base for Salmat.

In Consumer Marketing Solutions, the key solution platforms are Universal Catalogue – bringing together print and online catalogues – and Influence, which delivers multi-channel campaign management.

While Salmat has offered both traditional paper catalogue and online options for some time via our Lasoo product, Universal Catalogue integrates both of these aspects along with social media distribution and smartphone applications such as 'off the page' scannable coupons and product purchasing capabilities.

The Influence suite of services supports not only catalogue marketing but campaign management across a wide range of communication channels, fully integrated and informed by sophisticated consumer data insights.

Salmat negotiated partnerships with a number of global technology suppliers to develop these new platforms, which were launched to the market during 2013. Initial client interest has been strong and speaks to the long-term potential of Salmat's unique solution capabilities.

In Customer Engagement Solutions, the platforms are Reach – which is a cloud-based multi-channel contact centre model – and Direct Sales, via door-to-door engagement, relocatable kiosks and in-store sales staff.

We have been migrating existing clients onto the new Unified Communications technology model during FY13 as well as promoting the Reach solution to new clients since mid-year. Around 35% of contact centres had been transitioned by year end, with the remaining clients to be implemented by the end of the first half in FY14. The full Reach platform should be implemented by the end of FY14.

Salmat invested \$4.5 million in operating expenditure and \$6 million in capital expenditure during FY13 to develop our solution platforms and people. A further \$12 million in operating expenditure and \$12 million in capital expenditure additional to our normal levels will be invested in FY14.

### Operations review

#### Consumer Marketing Solutions

The CMS division was formed in December 2012 under the leadership of Peter Anson, who was previously Salmat's Chief Operating Officer. CMS brought together Targeted Media and Salmat Digital to offer consumer-facing communication solutions through one division.

Consumer Marketing Solutions revenue was \$260.8 million for the year, down 5.3% on the prior corresponding period. This reduction was primarily due to exiting some non-strategic services in the digital space and the tough retail trading environment that saw some volume reduction in catalogues. Despite this reduction, we retained catalogue market share and have since seen a trend of retailers returning to the category from other media. The discontinued non-core services within the digital suite have allowed us to refocus our attention on strategic, higher-margin services.

Underlying EBITA of \$30.1 million was down 17.5% on the previous year. EBITA and margin were impacted both by the reduced revenue and volumes as well as the investment in our Universal Catalogue and Influence platforms.

Merging the targeted media and digital businesses into one streamlined division has enabled us to bring together the management, sales and support teams with a singular, cohesive vision and a strong focus on winning new business across the various platforms. It will also enable us to achieve cost savings in the longer term via shared resources.

With Universal Catalogue, more than 30 clients were using both online and offline channels by year end, with more expected to come on board in the coming months, generating both additional revenue and improved margins.

While the key elements of the Universal Catalogue platform are now in place, there is still work to be done to build out our sales and data capabilities. With this work taking place throughout FY14, the full sales benefit will flow through in FY15.

With \$1.5 billion spent annually on catalogues in Australia, and \$13.8 billion spent on other forms of advertising, there is scope to extend our share of total spend.

We are seeing interest from new categories of clients, including non-traditional catalogue users such as online retailers – who are now undertaking print catalogue campaigns – and organisations including car manufacturers, insurance providers and banks.

We've also had continued success in the past year selling campaign-based catalogue solutions via the self-service portal [www.ldn.net.au](http://www.ldn.net.au). This portal provides affordable access to sophisticated Salmat marketing solutions for small to medium sized organisations (SMEs). It's also effectively a 'no touch' sales model for Salmat, enabling us to access a whole new market that would otherwise not be economic to target. We achieved double-digit revenue growth in the SME segment through this channel and anticipate further growth in FY14.

Salmat's Influence platform was launched in May 2013, offering a world-class marketing platform to the Australian market at an affordable price. Influence combines Salmat's expertise in campaign management and marketing services with a best-of-breed multi-channel marketing platform – powered by technology partner Teradata – enabling clients to deliver and manage more relevant marketing communications.

The Influence platform is at the heart of our multi-channel offering, helping clients to deliver the right message to the right customer via the right channels – and importantly, to capture the relevant feedback and consumer interactions that inform even richer communication. Early market feedback has been positive, and the investment in this platform has already been rewarded with a solid pipeline of prospects, which we expect to begin converting through the first half of FY14.

The decision to discontinue a number of non-strategic services in Salmat's digital suite is also part of the wider growth strategy, where we are aiming to target scalable, higher-margin services and partner where appropriate to reduce the need to invest in non-core capabilities. This will help to ensure that every part of the division is contributing to both revenue and earnings as volumes grow.

Along with investment in the right platforms and services, we are also investing this year in the right people, expanding our sales presence geographically and investing in subject matter expertise and sales support to drive new business. With good early traction in new business development, we are confident that we now have the right solutions, the right technology and the right people to consolidate our market lead in this space and ramp up our operating scale over the next few years.

### Customer Engagement Solutions

CES is the new branding for the Customer Contact Solutions division, led by David Besson. CES includes the Reach cloud-based telephony and contact centre management platform and Direct Sales.

Customer Engagement Solutions revenue was \$201.0 million, down 13.4% on the prior year. This was due to reduced revenue from both the Direct Sales area and contact centres.

In Direct Sales, the industry as a whole was impacted as energy retailers pulled out of the door-to-door segment, following pressure from the ACCC about sales tactics. This impacted Salmat in FY13 and will have a flow on effect on revenue of around \$22 million in FY14.

Within contact centres, FY13 saw the cycling out of the last remaining labour-intensive contracts, which impacted revenue but has already had a positive effect on margin.

Underlying EBITA and margin increased as these older contracts wound down and the newer value-added contracts accounted for more of the total share. Earnings growth was offset somewhat by the investment in new platform technology and the additional cost of supporting two platforms during the transition phase. These costs will reduce after FY14 when the platform migration is completed.

Implementing and launching the new Reach cloud-based platform solution was a major focus of FY13 and will continue to require further investment and attention as it is developed during FY14. This platform development involved implementing new multi-channel contact technology and a real-time data and workflow system, as well as integrating Salmat's own intelligent call routing technology with the traditional agent-hosted call centre business.

Investment in the new Reach platform has greatly expanded both our capabilities and hence sales opportunities for the CES division as the new cloud-based solution allows us to target a wider range of operations, and offer a much faster, more flexible implementation. In addition to Salmat's traditional offerings of speech recognition, voice calls and email, the new platform also integrates social media, web chat and mobile interactions – and provides a single, integrated view of all these different customer touchpoints. Rather than just targeting the outsourced contact centres – which account for only 10-15% of the total market – Salmat can now operate centres within clients' own premises.

Interest in the new solution has been strong, with more than \$30 million in total contract value closed in just nine months of FY13.

Part of the flexibility of the new cloud-based Reach platform is the ability to set up operations in any location. Accordingly, the past year has also seen an increased focus on 'bestshoring', in response to clients demanding a lower cost solution with the same service standards.

This has seen Salmat establishing a greater contact centre presence in New Zealand and the Philippines. Overseas operations are expected to grow from around 20% to 30% of total contact centre revenue this year. As Salmat increases the scale of its overseas operations, revenue for the same volume of work will reduce, however earnings should be maintained as margins increase.

Direct Sales remains an important business for Salmat and a key customer acquisition channel for our clients, despite the current subdued level of activity at the bottom of the cycle.

We are actively pursuing new strategies to diversify the business and fill the gap left by the major utility retailers, while remaining confident that many will eventually return to this channel.

These strategies include a new technology-based door-to-door sales research and lead development tool; an increased focus on kiosks in high-traffic areas such as shopping malls; and more 'in store' sales promotions.

There are some major shifts occurring in the customer contact market today. Thanks to astute investments and partnerships established over the past few years, Salmat is optimally positioned to take advantage of these changes and capture a larger market share. While revenue in FY14 will be impacted by the ongoing deployment of the Reach solution and reduced activity in Direct Sales, we are already realising the benefits of improved margin and increased new business flowing from our advanced technology solutions.

### Outlook

I've been excited to take on the role of Chairman at such a pivotal time in Salmat's history and look forward to working with the Board and management to take the business through this next phase of growth and development.

Recognition is due to the outgoing Chairman, Rick Lee for his valued leadership and commitment to Salmat over the past decade. Rick has helped to guide Salmat from a newly-listed company in 2002 to the leading business it is today. Thank you, Rick, on behalf of everyone at Salmat.

The year ahead will be a year of investment and continued platform-building for Salmat, as we finalise the separation of the BPO division and round out our capabilities within CMS and CES. The pleasing market response to our recently-launched platform solutions and early sales are indicative of the potential of these services.

With the advantage of a strong net cash position, we will continue to consider acquisitions that complement our growth strategy and fill out any minor gaps in our solution set. We are committed to a low-risk acquisition strategy, targeting only established businesses with recurring revenue and profit backed up by solid IP and capabilities and an established client base.

We anticipate ongoing challenges in the wider retail environment, however we have already seen many mid-tier clients returning to channels such as catalogues after trialling other media and we will continue to target a larger share of the media pie, via buying agencies and non-traditional clients.

While investment costs will impact profit in FY14, we are confident that this strategy gives Salmat a competitive advantage in the market and establishes strong platforms for sustainable sales growth as the business moves to becoming a seamless multi-channel communication provider. Once BPO has been fully divested and our platforms established during FY14, we will begin to see the full effect of cost savings and increased sales and earnings from FY15 onwards.

We are positive that we are on the right track for the future, with a clear focus on sales and clients within our two core pillars to drive growth in the next few years.



**Peter Mattick**  
Chairman and interim CEO



**1 Peter Mattick**  
**Chairman and interim Chief Executive Officer**

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 has assumed the role of Chairman following Richard Lee's decision not to stand for re-election.

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 the Australian Society of Certified Practising Accountants and the Australian Institute of Company Directors, a Governor of the Advisory Council for the Institute of Neuromuscular Research and a Board member of The Shepherd Centre. Peter was educated at the University of New South Wales where he gained a Bachelor of Commerce degree.

**2 Fiona Balfour**  
**Non-executive Director (Independent)**

Fiona Balfour is an independent Non-executive Director at Metcash Limited (ASX:MTS), TAL Dai-ichi Life Australia and Airservices Australia; she is Treasurer and Councillor of Knox Grammar School, Chair of the St James' King Street Conservation Appeal and a Member of Chief Executive Women. Fiona is a former Non-executive Director of SITA-SC (Geneva) and former Trustee of the National Breast Cancer Foundation. Fiona's executive career in information technology culminated with her appointment as Chief Information Officer and Member of the Qantas Executive Committee (2001-06) for the Qantas Group and Chief Information Officer of Telstra (2006-07).

She has over 35 years' experience working across a variety of industries including aviation, information services, financial services, telecommunication and distribution and logistics. She was appointed a Fellow of Monash University in 2010. Fiona holds a BA (Hons) from Monash University, a Grad. Dip. Information Management from UNSW and an MBA from the RMIT and is a Fellow of the Australian Institute of Company Directors.

**3 Ian Elliot**  
**Non-executive Director (Independent)**

Ian is a Non-executive Director of Hills Industries Limited, former Chairman of Promentum Limited and former member of the Board of the National Australia Day Council. Ian is currently on the Board of the Australian Rugby League Commission and a Fellow of the Australian Institute of Company Directors. Ian is also a former Chief Executive Officer of George Patterson Bates and a graduate of the advanced management program of the Harvard Business School.

**4 Richard Lee**  
**Outgoing Non-executive Chairman**

Richard Lee is Chairman of Oil Search Limited and a Director of Newcrest Mining Limited. He is a Fellow and former Chairman of the Australian Institute of Company Directors. He holds degrees in chemical engineering and economics and is a Rhodes Scholar. Richard is a former Chief Executive of the NM Rothschild Australia Group and a former Director of NM Rothschild and Sons Limited in London, Singapore and Hong Kong.

**5 Philip Salter**  
**Non-executive Director**

Philip Salter co-founded Salmat Limited in 1979 and served as its Joint Managing Director until his retirement from his executive duties with Salmat Limited in October 2009. Since that time, Mr Salter has remained as a Non-executive Director of the company. Philip entered the real estate business in 1972. In 1979 Philip and Peter Mattick formed Salmat, developing the business into one of Australasia's leading customer communications companies. Philip is a member of the Australian Institute of Company Directors.

**6 John Thorn**  
**Non-executive Director (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 & acquisitions, business advisory, risk management and general management. He has 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), National Australia Bank Limited (October 2003) and a former Director of Caltex Australia (June 2004-2013). His Board committee experience includes Audit Committees (Chairman), Human Resources Committees, IT Committees, Nomination Committees and Risk Committees.



**Salmat's senior executives are responsible for the day-to-day implementation of Salmat's growth strategy and maintaining robust business operations.**

**1 Peter Mattick**

**Chairman and interim Chief Executive Officer**

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 has assumed the role of Chairman following Richard Lee's decision not to stand for re-election. Peter is serving as interim CEO until a suitable candidate is confirmed.

**2 Peter Anson**

**Chief Executive Officer – Salmat Consumer Marketing Solutions**

Peter Anson has been with Salmat since 1991 and was appointed Chief Executive Officer of Salmat's Consumer Marketing Solutions division in November 2012. Prior to this, he was the organisation's Chief Operating Officer since August 2008, where he was responsible for the overall performance of Salmat's business units and ensuring operational objectives were aligned with the business strategy. Peter held a number of senior executive positions within and across Salmat prior to this period.

**3 Chad Barton**

**Chief Financial Officer**

Chad Barton has been Chief Financial Officer since joining in August 2009. He is responsible for directing finance and treasury operations, financial planning as well as mergers and acquisitions, legal and investor relations. Previously Chad held the position of CFO with Electronic Data Systems Corporation (EDS), a HP company, in Australia and New Zealand. Prior to this, Chad was Commercial Director with Singtel Optus Limited and CFO for SunSystems Australia and New Zealand. In addition to his executive role, Chad is a Non-executive Director of the Schizophrenia Research Institute. Chad is a member of the Australian Institute of Chartered Accountants (CA) and the Australian Institute of Company Directors (MAICD).

**4 David Besson**

**Chief Executive Officer – Salmat Customer Engagement Solutions**

David Besson was appointed Chief Executive Officer of Salmat's Customer Engagement Solutions division in August 2011 and has over 25 years experience with Salmat. In his current role, David is responsible for the full Customer Engagement Solutions offering, including Contact Centres, Field Force operations, Speech solutions and the Learning and Development division. Prior to this position, David was the Chief Executive Officer of Salmat's Targeted Media Solutions and served as Chief Operating Officer of Salmat's Business Process Outsourcing division.



**Salmat recognises that we have a responsibility to our staff, our community and the environment and to strive for continuous improvement in all these areas.**

## People

Since 2006, Salmat has continued to survey the company culture. The 2013 results showed the fourth successive overall increase in constructive behaviours, indicating that the company's culture increasingly supports a positive work environment that enables staff to perform at their best, for the benefit of employees, our clients and the business. The survey forms the basis for the development of activities which drive the achievement focus of the company, which is the best predictor of effectiveness.

The survey results indicate that Salmat is providing a workplace which meets our aim to be recognised by the community as a good place to work.

Salmat is committed to providing training and development opportunities for all staff. The Salmat Leadership Academy has a clear four-level path for progression in leadership based on company supported training, mentoring and understanding different personalities and behaviours. Training in Certificate IV in Frontline Management is part of the Academy. This backs the company's overall commitment to training. Not only is this an expectation of our staff, it is also a community expectation that good employers will develop their people.

During the past year, Salmat has continued its work through the Women in Leadership Council, on which the CEO sits, to identify ways in which women can be encouraged to take senior roles. Our program known as Family Fusion has been expanded, providing web-based assistance on locating child care and senior care.

Work also continued on the company's Reconciliation Action Plan, launched in 2011, which aims to bridge the gap between indigenous and non-indigenous Australians. Salmat is one of a small number of listed companies which have a RAP. Three groups are working on different elements of the plan:

- **Respect:** creating culture that fosters respect, compassion and awareness.
- **Relationships:** creating local links by engaging and building long term relationships with the Aboriginal and Torres Strait Islander communities across Australia.
- **Opportunities:** creating opportunities to employ and do business with the Aboriginal and Torres Strait Islander communities.

The main concentration has been on developing an Indigenous Employment Strategy. To implement this, we need to ensure our employees understand indigenous culture. A large number of staff has been through an indigenous culture training session which has been described as eye opening, emotional and informative. The initial recruits under the Indigenous Employment Strategy have commenced work.



## Health and Safety

Salmat has maintained a high commitment to its Work Health and Safety Management Program and has reviewed the policies and statements of the company as part of an annual review in 2012/13. Health and Safety is incorporated at all levels of the company through an active consultation process and overall performance is monitored on a regular basis by senior management and the Board.

We have renewed our overall approach to health and safety and have set down four key points that make up our overall vision. These include:

- Aspiring to a goal of zero lost time injuries;
- Prevention of injuries and illnesses, and a reduction in the associated costs;
- Becoming a recognised leader in health and safety by our workers; and
- Providing a system that promoted continual improvement, quality and efficiency to support the overall goals and direction of the company.

Our Lost Time Injury Frequency Rate for 2012/13 has been recorded at an historic low of 0.74 per million hours worked and we are looking at new initiatives to drive this figure lower. We have also commenced measuring and reporting on positive indicators within our Safety Management System to further measure and promote system activity.

We have developed a new three year plan commencing in 2013/14, which maintains 21 strategies aimed at promoting and continually improving the health, safety and wellness of our people. Reports are designed to track the progress and will be provided to senior management and the Board at regular intervals.

## Community

The Salmat Activate program supports a range of charities selected by a staff committee. Following the completion of a project with the Salvation Army in Melbourne to assist refugees and migrants, the funds donated through payroll giving have been directed this year to:

- **Autism Spectrum** – to reach out to autistic adults confined to home.
- **Rotary** – to assist with the rebuild of the Namuga Community Health Clinic in the Solomon Islands.

The total donations made in 2012/13 – including the matching donations from the company – amounted to \$107,569. As well as financial donations, Salmat staff also volunteered their time. For example, a group of managers volunteered to paint the home and rebuild the garden of an autistic adult living on the Gold Coast.

During the year, the company passed the \$1 million mark in the amount provided to community projects since the Activate program was commenced.

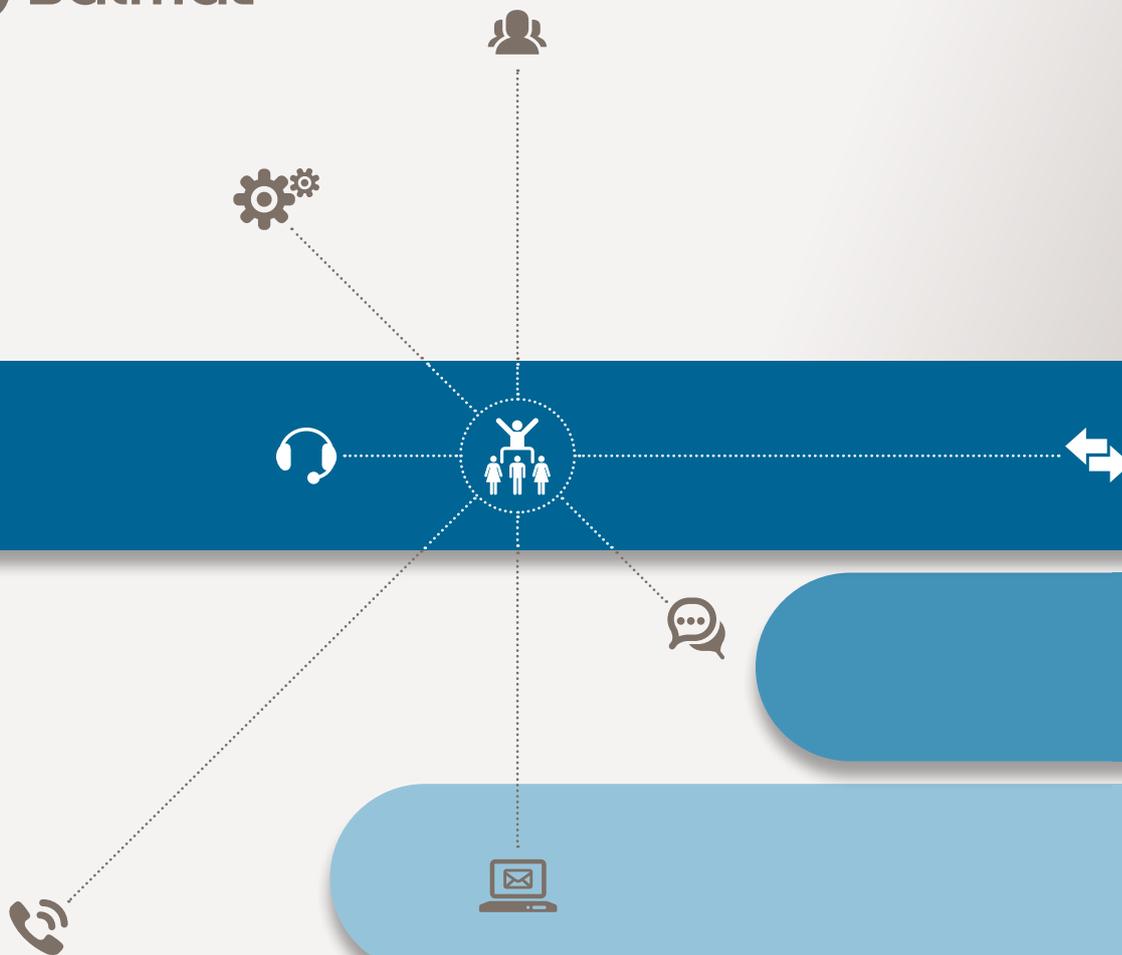
## Environment

Salmat is committed to providing a workplace that considers the impact of its operations and outputs on the environment. We maintain active programs for the prevention of waste products entering the environment and continue to drive local initiatives at our sites that encourage awareness and participation at all levels. Our policy position remains unchanged from last year.

Our three year plan for health and safety also includes a further six strategies aimed at the environment. We have also recently introduced an Environmental Impact Assessment tool to assist us in assessing new sites as well as our existing sites. In 2013, we have commenced communication and ongoing assistance with an energy partner to understand and improve our energy consumption at our key sites for benchmarking and potential improvement opportunities.

**0.74/m hrs**  
Lost Time Injury Frequency Rate  
**historic low**

**\$107,569**  
Total donations for 2012/13  
**over \$1m to date**



#### Salmat Limited

ABN 11 002 724 638

#### Registered office

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Phone: (02) 9928 6500

Fax: (02) 9928 6652

www.salmat.com.au

#### Directors

**Peter Mattick** Chairman and interim CEO

**Fiona Balfour** Non-executive Director (Independent)

**Ian Elliot** Non-executive Director (Independent)

**Richard Lee** Non-executive Director (Independent)

**Philip Salter** Non-executive Director

**John Thorn** Non-executive Director (Independent)

#### Company Secretary

**Stephen Bardwell**

#### Auditors

**EY**

680 George Street  
Sydney NSW 2000

#### Bankers

**Australia and New Zealand Banking Group Limited**

**National Australia Bank**

**Westpac Banking Corporation**

#### 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 Thursday 21 November 2013

#### Museum of Sydney

Corner Bridge and Phillip Streets, Sydney NSW 2000

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

#### Key dates

**Final dividend payment** 19 September 2013

**Annual General Meeting** 21 November 2013

**Half year results** February 2014

**Interim dividend** April 2014

**Full year results and dividend announcement** August 2014

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



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