

1

refine strategy



on the pulse

2

build out capabilities



3

realise our multi-channel service platform vision



improve shareholder returns

Salmat's **Customer Engagement Solutions** help our clients to connect with their customers across multiple channels. In FY14 we invested in our new Reach contact centre platform, which supports voice, email, webchat, SMS and social media communication, backed up by a sophisticated database and knowledge management capability. We also acquired new offshore capabilities and launched a fast-response contact centre service. These enhanced capabilities have opened up a whole new market for CES.



# CES

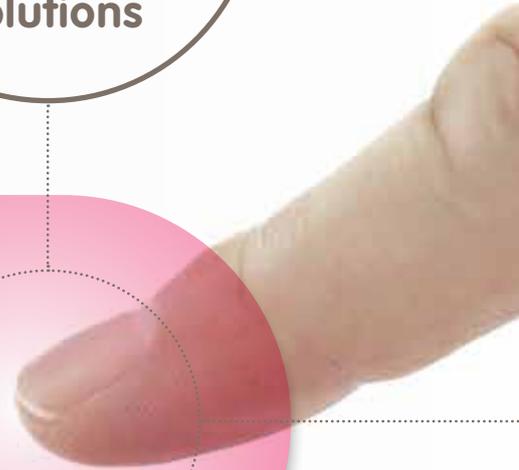
Customer  
Engagement  
Solutions

1

Last year we outlined our strategy

2

During FY14 we were building strong foundations and enhancing capabilities for future growth



# CMS

Consumer  
Marketing  
Solutions

Salmat's **Consumer Marketing Solutions** span traditional paper-based and digital media, including online and offline catalogues, e-commerce and email, mobile and social marketing. Over the past 12 months we have substantially built out our sales capability; acquired a leading mid-tier ecommerce business; relocated catalogue operations to a new, more efficient facility and installed a new job management system to gain greater visibility of job costs and optimisation opportunities. CMS is now poised to drive sales and margin improvement across the division.



# 15.0cps

regular full year dividend

↑ 30.4%

# \$50m

net cash position  
at 30 June 2014



This has been a year of investment

**3** In FY15 we will see the strategy begin to deliver in the form of increased sales



Key growth strategy milestones achieved during the year.



Sales pipeline and sales conversion rate have both continued to grow over the past 12 months.



Making good progress towards our goal of sustainable growth in profitable revenue.



What we do + how we do it



**Salmat has built platform-based, scalable services that work together to provide integrated communication solutions across a variety of channels.**

Our promise to clients



we get you closer to your customers

digital

digital marketing and ecommerce solutions

**746 million**  
email and SMS messages last year



Salmat can reach 18 million people twice a week, every week of the year

**4.8 billion**

paper catalogues distributed last year





**Salmat is on track to increase sales and profit as the growth strategy initiatives gain momentum over the course of our three year journey.**

Peter Mattick AM, Chairman

**The past year has been a landmark one for Salmat. Not only did we celebrate 35 years in business but we embarked on one of the most significant programs in Salmat's history, re-engineering for growth as we transform the business ready for its next phase of evolution.**

### Key highlights

The past 12 months marked my first year as Chairman of Salmat, following the retirement of long-time Chairman Richard Lee. For most of the year, I also served as Interim Chief Executive Officer, while we completed the search for a new CEO to lead the business.

Returning to the day-to-day running of the business after six years provided a unique insight to how Salmat is transforming its systems and services in order to meet the needs of our clients and their own rapidly-changing markets. This insight has reinforced my belief that Salmat is on the right track to consolidate its position as the leading multi-channel communication provider in Australia.

Some of the notable points for FY14 include:

- Good progress on growth strategy – a number of key milestones have been achieved over the past 12 months as we transform our IT environment and enhance our service offering.
- Strong net cash position – even with the significant strategy investment and two acquisitions during FY14, we finished the year with net cash of \$50 million, providing plenty of headroom.
- Lost revenue replaced – discontinued contracts across the business accounted for a gap of around \$30 million in revenue in FY14. This gap was filled with new work from both existing and new clients.
- Dividends – the Board provided guaranteed dividends of 15cps fully franked in FY14, even as we focussed on internal re-investment. This amounted to a return of 7.5%.
- Pipeline growth – we've seen continued growth in the value of the sales pipeline and also the percentage of opportunities converted into secured sales over the past 12 months, validating our investment in enhanced services and sales capability.
- New management team confirmed – Salmat's new CEO commenced in April. We also confirmed several other new members of Salmat's senior team, as detailed below.

### Board and senior management changes

There were some significant Board and senior management changes during the year.

In November 2013, Nick Warne was appointed as Group Chief Information Officer, following six months as Interim CIO. Nick has been leading the process of Salmat's major IT transformation – the largest in our history.

New independent Director Mark Webster was appointed to the Salmat Board in December 2013. Mark is Managing Director of the thoroughbred sales group, William Inglis and Son Limited and has extensive, hands-on experience in extending traditional businesses into the online environment, both in the media industry and in his current role.

In January 2014, I was very pleased to announce that Salmat had found its new Chief Executive Officer. Craig Dower commenced in April and has quickly come up to speed with the Salmat business. Craig has a background in outsourcing, retail and IT and most recently spent seven years with Avanade, a joint venture between Accenture and Microsoft.

Salmat also appointed a new Chief Financial Officer and new Head of People and Culture during the year, both of whom joined the business in August 2014. New CFO Rebecca Lowde joins Salmat from Bravura Solutions. New Head of P&C Julie Stuart previously headed up Human Resources across the Asia Pacific for Avanade, and takes over the role from Geoffrey Court, who is retiring at the end of 2014.

The talent and experience of these new additions to the Salmat team will greatly enhance the leadership of the business over the coming years.

### Strategic direction

Salmat launched its three year growth strategy in July 2013. Having researched client needs and global market trends, we divested the BPO division and streamlined the business, building on well-established capabilities to develop our service offering across Consumer Marketing Solutions and Customer Engagement Solutions.

In summary, our strategy is to deliver platform-based, scalable solutions across multiple integrated communication channels, using customer data insights to provide a 'single view' of each customer to our clients. We help clients 'get closer to their customers'.

Having launched the strategy at the beginning of the year, we got down to business in FY14, with significant investment and activity across Group IT, the service platforms and sales capabilities.

While we did underestimate the scale and the time required for some of the initiatives, other aspects of the FY14 program were successfully completed and began delivering benefits during the year. Overall, we are satisfied that we are on the right track and making good progress.

Building platform-based solutions underpinned by world's best technology enables Salmat to deliver highly sophisticated services across the spectrum of clients. This creates a competitive advantage both in the quality of solution we offer and in the ability to scale up and down in a more cost-effective manner.

There is still some work to be done completing the IT transformation and bedding down the service platforms. While this effort will continue during the first half of FY15, we expect that the majority of build costs will start to wind down during the second half and that the sales momentum we are already seeing will gain ground throughout the year.

The Board is confident of the benefits to be realised from this strategy and we look forward to tracking Salmat's progress on this important initiative during FY15.

### Capital management

Salmat has a solid history of delivering returns to shareholders and this trend was continued in FY14.

In announcing our growth strategy in July 2013, the Board recognised that the scale of investment and internal focus during FY14 would have an impact on both revenue and profit. As such, the Board elected to guarantee a total dividend of 15 cents per share for FY14, in order to provide some certainty to shareholders.

The Board will consider future dividends in the context of its established policy, which aims to increase dividends in line with business growth and profitability, while ensuring adequate capital for the Group's continued development.

The Board will confirm its future dividend intentions as soon as a decision has been made.

### Thank you

On behalf of the Board, thank you to the Salmat team for your valued effort over the past 12 months. We appreciate the significant amount of work that has gone into building a better Salmat as we pursue our growth goals.

Thank you also to my Board colleagues for their important contribution and to our valued shareholders, clients and partners for your continued support.

I look forward to updating you on Salmat's progress at our Annual General Meeting.



**Peter Mattick AM**  
Chairman

# FY15 priorities

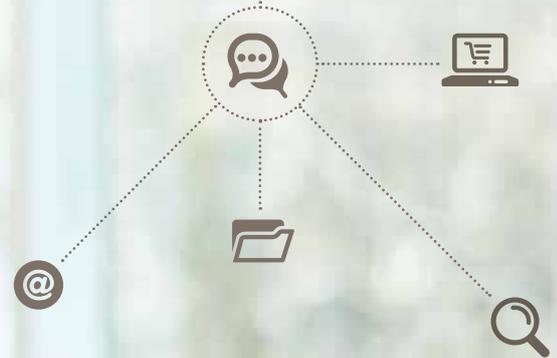
Platform industrialisation

Profitable revenue growth

Invest in Salmat's people

Client offering

Operational excellence



**Salmat is uniquely positioned  
to dominate the market in integrated  
customer communication.**

Craig Dower, Chief Executive Officer

**Having joined the Group in April, I've had several months now to get inside the operations and really discover what makes Salmat tick. Salmat is a business with a great history, a great culture, great staff and great clients. With the current growth strategy investments being made, it will soon once again be delivering revenue and profit performance to match.**

### Introduction

Firstly, I should say how thrilled I am to have joined the Salmat team. I would like to acknowledge Salmat's Chairman Peter Mattick, who took on the role of Interim CEO for most of FY14. Thank you, Peter, for ably overseeing this crucial initial investment phase of the strategy and setting Salmat firmly on the path to growth. Peter's experienced leadership and thorough handover has made my introduction to Salmat a very smooth transition. We've established an effective working relationship that will continue to serve Salmat well as the Board and the senior team work together to capitalise on Salmat's growth opportunities.

### Financial performance

Salmat delivered relatively subdued financial performance in FY14, which was understandable given the focus on investment and transformation during the year.

Revenue of \$452.8 million was down by 3.2% on the prior year. This was mainly due to delayed contact centre revenue as migration to the new Reach technology platform took longer than anticipated. Discontinued Direct Sales and catalogue contracts from the previous year had an impact in excess of \$30 million, but pleasingly most of this gap was filled with new work.

Underlying EBITA of \$8.6 million was down by 66.7% on the prior year. Investment in the growth strategy had an impact of \$7 million on the profit and loss line in FY14. EBITA was also impacted across both divisions by a higher incidence of lower-margin work.

Significant items after tax amounted to costs of \$5.9 million, compared with costs of \$10.9 million in the prior year. Significant items during the year comprised residual restructuring and separation costs associated with the BPO sale, acquisition costs relating to the Netstarter and MicroSourcing deals and a fair value adjustment relating to deferred consideration for the Netstarter acquisition.

Statutory net profit after tax was \$0.8 million, compared with \$40.1 million for FY13. The variance against the prior year was exacerbated by the inclusion of \$34.3 million NPAT from discontinued operations in the FY13 result.

Net cash remained strong, amounting to \$50 million at year end. This compared against \$90 million at 30 June 2013. Capital expenditure outlays of \$17 million, net acquisition cash payments of \$14 million and dividend payments of \$24 million – offset by operating cash flows – accounted for the difference.

### Strategic progress

As Peter has stated, we've made good progress on Salmat's growth strategy in FY14, though we still have some work to do over the next six months to finalise this phase and free up some of the resources (people and capital) that remain allocated to this process.

Salmat took some significant steps to bed down its IT environment and solution platforms during the year, as well as investing in new service and sales capabilities. In total, we invested

\$16.8 million in operating expenditure and \$10 million in capital expenditure in support of the growth strategy during the year. There will be a further investment of approximately \$7 million in operating expenditure and \$3 million in capital expenditure in FY15.

Following separation from the divested BPO business, Salmat contracted Fujitsu to provide hosted data centres and all of our IT platforms (excluding Reach) were migrated to the new environment during FY14. The separation also necessitated building new IT networks. Although this IT transformation proved to be a larger task than anticipated, a key advantage of the process has been the ability to identify a portion of redundant servers that have now been switched off, generating ongoing cost savings and simplifying our overall IT environment.

During FY15, the focus for IT will be on achieving best practice across the whole IT service delivery chain and reaping the benefits of our new and improved infrastructure and leadership experience.

Within the two key service divisions, investment in both platforms and initiatives to support sales growth has continued.

Within Consumer Marketing Solutions, we built a new sales tool to assist media buying agencies to book catalogue campaigns, improved our sales research function, undertook targeted trade marketing and invested in sales training.

We also installed a new job management system within the Digital business and acquired Netstarter – a leading mid-tier ecommerce business.

Results (in \$ millions except where stated)	2010	2011	2012	2013	2014
<b>Financial performance</b>					
Revenue	880.2	863.9	823.9	467.6	<b>452.8</b>
Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)	113.0	109.6	103.5	36.3	<b>18.2</b>
Underlying earnings before interest, tax and amortisation (EBITA)	91.2	88.6	80.9	25.8	<b>8.6</b>
Net significant items included in the result (before tax)	2.4	(9.2)	(5.7)	(12.5)	<b>(9.4)</b>
EBIT	83.0	67.4	62.9	11.2	<b>(2.7)</b>
Statutory net profit after tax (NPAT)	49.1	36.0	30.3	40.1	<b>0.8</b>
Earnings per share (cents)	31.1	22.7	19.2	25.4	<b>0.2</b>
<b>Cash flow</b>					
Operating cash flow	84.9	40.7	77.6	26.4 <sup>1</sup>	<b>13.0</b>
Cash capital expenditure	12.9	23.8	18.2	12.9	<b>16.2</b>
Net (debt) / cash	(134.3)	(258.3)	(241.6)	90.0	<b>50.0</b>
Interest coverage ratio (%)	8.8	6.5	4.9	99.1	<b>NMF<sup>2</sup></b>
Gearing (Net debt: net debt + shareholder funds) (%)	31.2	48.2	47.1	0	<b>NMF<sup>2</sup></b>
<b>Other key measures</b>					
EBITDA margin (%)	12.9	12.7	12.6	7.8	<b>4.1</b>
Net profit margin (%)	5.6	4.2	3.7	8.6	<b>0.2</b>
Return on capital employed (%)	18.6	13.9	11.7	14.0	<b>(1.1)</b>
Employees (full time equivalent)	6,791	5,422	5,119	3,404	<b>5,760</b>
<b>Dividends</b>					
Ordinary dividends (cents per share)	23.5	24.0	19.0	11.5	<b>15.0</b>
Special dividends (cents per share)	10.0	—	—	21.0	<b>—</b>

1) Restated due to interest reclassified under investment activities

2) No Meaningful Figure

# Our Values & Behaviours

## We Build Great Relationships

**Salmat's purpose is to build deep, enduring and valued relationships – with our clients, our people, our partners, our investors and the communities in which we operate.**



### Client focus

- I will deliver on my commitments
- I will actively listen to my clients, ask questions and understand their needs
- I will communicate regularly and focus on the bigger picture

### Innovation

- I will be bold and brave, share my ideas and challenge the status quo
- I will be open minded and challenge myself to think outside the box
- I will continuously look for ways to improve

### Accountability

- I will be honest and do what I say I will do
- I will take ownership for my behaviour and will learn from my mistakes
- I will aspire to excellence in all that I do

### Teamwork

- I will respect the diversity, opinions and values of others
- I will collaborate with others around shared outcomes
- I will demonstrate a sense of empathy
- We have fun and celebrate success

Within Customer Engagement Solutions, we initiated the major Reach platform migration and acquired MicroSourcing – a leading outsourced services provider based in the Philippines.

As with any major business strategy, we are continually reviewing our progress to ensure that we are on track to achieve our goals and that these goals remain relevant to both our business and the wider market conditions. We are also currently reviewing our branding to ensure that it accurately reflects our evolving business.

We have recently undertaken a company-wide process to capture and clearly articulate Salmat's core purpose, values and supporting behaviours, as illustrated on this page. We will now be working through a process to embed these across each of our locations and throughout our day to day operations, driving continuous improvement in our service delivery and our employee engagement.

### Operations review

#### Consumer Marketing Solutions

Consumer Marketing Solutions (CMS) revenue for FY14 was in line with the previous year at \$259.2 million, down 0.6% on the prior corresponding period. Increased catalogue volumes at both the top tier and SME level helped to replace revenue from two key contracts discontinued from FY13. Digital revenue also held up well against the previous year.

Underlying EBITA was \$23.8 million for the year, down 20.9% on the previous year. Earnings were impacted by the cost of investment in the division to support our growth strategy, as well as a higher weighting of lower-margin digital services during the year.

Our Universal Catalogue offering – which combines letterbox distribution of printed catalogues and online distribution via Lasoo and our clients' own websites – continued to gain ground during the year. We saw an 86% uplift in the number of clients using both physical and digital catalogue services in FY14. This integrated online/offline solution is a key competitive advantage for Salmat, with no other company able to offer a service with comparable reach and quality.

While online marketing continues to grow, print catalogues proved their enduring relevance with overall industry volumes marginally up for FY14. Amongst Salmat's own client base, volumes grew by just under 5% for our top 20 catalogue clients and we also saw increased demand from smaller businesses. Given the continued growth we anticipate in this segment, Salmat relocated its Sydney catalogue distribution operations to a new custom-built facility in Prestons during the year.

# 5,760

**Employees**  
full time equivalent

We have also taken steps to ensure that Salmat remains the market leader when it comes to distribution performance, engaging with two organisations that conduct regular independent third party auditing of our distribution quality and effectiveness. This has been very well-received by our clients and provides a valuable benchmarking process for our own continuous improvement.

Through our increasing engagement with some of Australia's largest advertising agencies and media buyers, Salmat has seen a number of non-traditional industries enter the market, such as banking, insurance and telecommunications, who are now using the letterbox as a way of communicating their brands and services with consumers.

Where Salmat has traditionally dealt directly with client organisations, we are now pursuing relationships with media buying agencies as we seek to open up new markets and take a greater share of spend from alternative channels such as mass media advertising.

In support of this strategy we have developed 'Swiftplan' – a new portal that makes it easier for agencies to book Salmat's services. This tool provides a direct self-service booking capability that has reduced the booking time from three or four days to just minutes. We've also invested in enhanced research and sales capability to support our proposition. Given that less than 1% of the \$7.5 billion in media currently booked through agencies presently goes to catalogues, there is an opportunity to increase that share.

Within Digital services, the most significant initiative in FY14 was the acquisition of Netstarter – the leading Gold Magento partner in the region – providing ecommerce services to an established base of retail clients. This acquisition filled a gap in Salmat's ecommerce offering as well as establishing a development capacity in Sri Lanka.

We also installed a new job management system within Digital to provide greater transparency around specific job costs and profitability. This is increasing our ability to focus on scalable services with sustainable margins.

During FY15, our focus in CMS is to build on the positive traction we've achieved with extending our Universal Catalogue solution into new markets and cross-selling our Digital services to capture the opportunities in this growing market. We are also intent on driving margin improvement via increased automation of the letterbox business; offshoring relevant services to our facilities in the Philippines and Sri Lanka; and streamlining our services to better align service levels with client value.

## Customer Engagement Solutions

Customer Engagement Solutions (CES) revenue was \$187.9 million, down 6.5% on the prior year. While some revenue from new wins was delayed by the Reach platform migration, this was still a respectable result given the \$22 million gap in FY14 presented by the discontinued energy retailer business in Direct Sales as well as some contact centre closures.

Underlying EBITA of \$3.0 million was down 73.2% on the prior year. Underlying EBITA was significantly impacted by the growth strategy investment costs across the division. These investment costs related to new contact centre technology, the cost of maintaining dual platforms and associated support resources until the migration is complete, plus costs associated with the MicroSourcing business acquisition.

The new Reach contact centre platform is the largest investment for more than a decade in CES and marks an important transition for Salmat from a 'point' solutions provider to offering a true multi-channel service with a single view of all the various customer interactions across voice, social media, SMS and email.

This investment has opened up the market potential for Salmat. Whereas we were previously only able to service the outsourced market, we are now able to access the remaining 85% of contact centres that are currently managed in-house, by offering a technology solution that can be set up within a client's own premises. With cloud-based service capability, we are also able to offer fast-response and short-term contact centre services for circumstances such as safety recalls.

We have also extended into other non-voice outsourced services such as back office administration and claims processing via our acquisition during the year of MicroSourcing, a Philippines-based managed business services provider.

As well as adding new service capabilities, the MicroSourcing acquisition brings on board an established base of Australian and US clients and an innovative, flexible operating model that offers clients a range of options from full outsourcing through to managed facilities.

With Microsourcing, Salmat has also now extended our Philippines presence to 2800 seats, in addition to 1800 seats in Australia and 800 seats in New Zealand. This has greatly increased our ability to 'bestshore' for our clients, as they select the combination of service level and costs that best suits their requirements.

An indicator of the success of this new platform is the growth in total contract revenue secured on the Reach model. This has grown from \$30 million in FY13 to \$103 million for FY14.

# 15

**Locations**  
across the Asia Pacific region

As well as a growing sales pipeline, we've also seen continued growth in the sales closure rate, up from 25% in FY12, to 35% in FY13 and 45% in FY14. These results have validated our confidence in the Reach technology and the potential of this platform.

Within Direct Sales, the departure of energy retailers from the market during FY13 left a revenue gap to be filled. A strategic review of this division led to a diversification of services and targeting of new markets, which helped to partially fill this gap. A review of costs, including some property consolidation also helped to mitigate the impact on earnings.

Looking forward, the extension of the Reach migration completion to the end of March 2015 will continue to impact performance in the first half. Once the migration is finalised, this will free resources and enable Salmat to focus on implementing new business.

We will be actively targeting the new opportunities presented by the enhanced CES capabilities during FY15. The client response to our new offering has been very positive and we are aiming to achieve double-digit growth from this demand.

With sales growth underway, attention is also being turned to margin improvement, with a number of initiatives already in place. We expect to achieve in the order of \$3.5 million in savings from this program during FY15, with the full benefit of reduced costs to flow through in FY16 and beyond.

## Outlook

This is an exciting time to have joined the Salmat team: having undertaken one of the most significant periods of investment in the Group's history, we have high expectations for the future.

We've already indicated to the market that we are expecting sales growth in the order of 15% for FY15. While we still have a lot of work to complete in the first half of the year, we can expect to see operating efficiencies start to deliver during the second half.

In addition to completing the remaining growth strategy initiatives, the key priorities for FY15 are to build on the current sales momentum, leverage our recent acquisitions and realise the synergy benefits of a streamlined, platform-based business.

We expect to be operating as a far more integrated business by end of FY15, with the full impact of the associated benefits being realised in FY16. The leadership team is focussed on execution and delivering the next stage of growth for Salmat.



**Craig Dower**  
Chief Executive Officer

## Board of Directors



With an extensive range of skills and experience, Salmat's Directors oversee the strategic direction and corporate governance of the business.

### **1 Peter Mattick AM Chairman**

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. Peter was awarded a Member (AM) in the General Division of the Order Of Australia in 2014.

Peter served as interim CEO of Salmat following the departure of Grant Harrod in July 2013 until April 2014 when Craig Dower was appointed.

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

Fiona is an independent Non-executive Director of Metcash Limited, TAL (Dai-ichi Life) Australia and Airservices Australia; a Council Member and Treasurer of Knox Grammar School; a Member of Chief Executive Women; a Fellow of Monash University; and a Fellow of the Australian Institute of Company Directors. Fiona has over 35 years' experience working in enterprise technology across Aviation and Transport, Information and Telecommunication Services, Financial Services, Distribution and Logistics, the Education sector and not-for-profits. Fiona is a former Trustee of the National Breast Cancer Foundation, former Chair of the St James' King Street Conservation Appeal, former Council Member of Chief Executive Women and is a former Non-executive Director of SITA SC (Geneva).

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

Ian is a Non-executive Director of Hills Limited and McMillan Shakespeare Limited; a former Chairman of Promentum Limited and is currently a Commissioner of the National Rugby League. He is 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 Philip Salter Non-executive Director**

Philip Salter co-founded Salmat Limited in 1979 and served as its Joint Managing Director until his retirement from 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.

### **5 John Thorn Non-executive Director (Lead 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.

### **6 Mark Webster Non-executive Director**

Mark is presently Managing Director of the thoroughbred sales group, William Inglis and Son Limited. Mark has had extensive, hands-on experience in extending traditional businesses into the online environment, both in the media industry and in his current role. Mark has established the Inglis Digital division, which operates bloodstock.com.au and horsezone.com.au – both now market leaders. Mark has also served as Director on a number of Boards over the past ten years, including realestate.com.au and Nationwide News Limited.

## Senior Executives



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

**1 Craig Dower**  
**Chief Executive Officer**

Craig joined Salmat in April 2014, having previously held senior executive positions with Avanade across the Asia Pacific region. Based in Singapore, Craig was most recently President of Asia Pacific and China (APAC), after joining in 2007 as the Australian Managing Director. During his time with Avanade, Craig led the business through a major growth period, establishing APAC as the fastest growing region within Avanade.

Prior to Avanade, Craig held senior executive positions with the Coles Group, EDS, Lucent and Mallesons Stephen Jaques, as well as two private equity-owned technology companies. Craig has been in the Information Communications Technology (ICT) industry for 30 years. Craig has also served as a Director on several Boards, in both executive and non-executive capacities. Craig has successfully led both small and large-scale businesses through periods of significant change.

Craig is a Fellow of the Institute of Company Directors, a Fellow of the Australian Institute of Management and a member of the Australian Computer Society.

**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 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.

**4 Rebecca Lowde**  
**Chief Financial Officer**

Rebecca joined Salmat as Chief Financial Officer in August 2014, following five years as CFO of Bravura Solutions, a financial software and service provider. She also served on the Bravura Board as an Executive Director and played a key role in its privatisation from an ASX-listed business. Rebecca has more than 20 years of experience in finance and international operations and has held senior executive positions in Australia, Europe and Asia, for businesses including Business Objects Asia Pacific, Lexmark and Oracle.

**5 Nick Warne**  
**Group Chief Information Officer**

Nick Warne joined Salmat in 2013 as Group Chief Information Officer, heading up IT for the organisation.

Nick has held various senior IT positions with Macquarie Bank, Qantas, HP, IAG and most recently Chandler Macleod. Through his career, he has developed a track record in building and managing the IT supply chain from commodity service provider through to the end-user and has in-depth experience in the procurement and/or remediation, and relationship management of large-scale outsourcing contracts. In his past positions, he has also successfully developed business partnerships with new and established suppliers and clients, managing and repairing complex commercial relationships.

**Salmat is committed to doing business in a socially responsible and sustainable manner, minimising our impact on the environment and providing a safe and supportive workplace for our staff.**

**People**

Salmat has an active People and Culture division that conducts a number of regular and special programs to support the development of our staff and maintain Salmat as an employer of choice, for the benefit of our people, our clients and the wider community.

A company-wide survey on culture, values and behaviours was conducted in June 2014, followed by a series of in-depth workshops. The findings from this research have helped to define and document the key values and behaviours that are consistent with a high-performing culture at Salmat, which will be rolled out and embedded throughout the business over the next several years.

Another key area of focus within Salmat is encouraging diversity. Two of the programs we operate in support of diversity are the Reconciliation Action Plan and the Women in Leadership and Diversity Council.

Salmat's Reconciliation Action Plan (RAP) aims to help close the gap between Indigenous and non-Indigenous Australians and includes a number of internal as well as community-based initiatives.

During FY14, some of the main activities conducted through RAP included attendance at Garma – Australia's most significant Indigenous cross-cultural learning event; a program giving Salmat staff the opportunity to hear from inspirational Aboriginal speakers; sourcing Indigenous business suppliers through Supply Nation; supporting the Biala Girls Hostel; developing our Indigenous Employment Strategy; and providing pro bono support through the Across Culture organisation. The Salmat RAP team also distributes a monthly newsletter to Salmat staff, keeping the team up to date with its activities and opportunities to participate in Indigenous cultural events.

**1.17/m hrs**

Lost Time Injury Frequency Rate

**targeting continuous improvement**

**\$90,102**

Total donations for 2013/14

**over \$1m to date**



Salmat's Chairman Peter Mattick joined staff members David Huggins and Alison Lee on a trip to inspect the Salmat-sponsored health centre being built in Namuga, Solomon Islands.



Celebrating NAIDOC week at Salmat's Sydney offices.

Salmat's Women in Leadership and Diversity Council was established in 2009, with the aim of supporting women to achieve their leadership aspirations within the business and to ultimately appoint more women to the Board and senior management team. The Council's main initiative is the Aspire Program, which is a tailored education and mentoring program for female employees identified as having key leadership qualities. The Council also supports programs for the wider staff, including family support services and internal career fairs.

The People and Culture team undertakes a program of continuous improvement in areas including compliance and training. Specific compliance improvement initiatives in FY14 included improved internal measures in line with recent law reform surrounding the Privacy Act and company-wide training to prevent harassment and bullying.

Salmat is a Registered Training Organisation and provides regular training opportunities to all staff. There was a particular focus in FY14 on sales training in support of the drive to ramp up revenue following the growth strategy investment during the year. We also undertook a program of training team leaders as trainers, in support of on-the-job learning.

### Health and Safety

Salmat has maintained a strong commitment to its Work Health and Safety Management Program in FY14 with a key focus on preventive programs and actions to improve our overall health, safety and wellness. During the past twelve months, we have also undertaken a formal review and update of the Health and Safety Policies and Procedures as part of our annual review.

Our Health and Safety Policy Statement was recently reviewed and re-issued by our CEO to refine our approach for FY15. With this review we have adjusted our focus to injury prevention and proactiveness, in line with our three year plan.

Our vision – which forms part of our Health and Safety Policy – includes:

- Report Everything, Ignore Nothing: 100% reporting of near hits, hazards and incidents.
- Consistent response and actions relative to the positive indicators we measure.
- The prevention of injuries and illnesses, and an overall reduction in associated costs.
- Continual improvement of our safety culture.
- Be seen as a recognised leader in health and safety by our people.

Our 12 month rolling average Lost Time Injury Frequency Rate for FY14 was 1.17 per million hours worked. We continue to work progressively towards our 21 strategies within our three year plan and remain on track to complete these initiatives. Our claims and claim costs have reduced in several of our key businesses, with some recording zero claims for FY14. We have entered our MediaForce Health and Safety Management System into the NSW WorkCover Awards, and our CES Wellness Program into the Victorian WorkCover Awards.

### Community

Salmat's primary channel for community support is its Activate program, which supports a range of charities selected by a staff committee. Through this program, Salmat staff can nominate a regular contribution amount that is deducted from their salary. All staff donations are matched dollar-for-dollar by Salmat. More than \$90,000 was donated to various charities via the Activate program in FY14.

Through Activate, Salmat has supported organisations including Save the Children, The Fred Hollows Foundation and The Starlight Children's Foundation. Salmat's current Activate partner is Father Chris Riley's Youth Off The Streets, with a fundraising goal of \$50,000 to support a music program.

Some of the recently completed programs include \$24,100 funding via the International Nepal Fellowship for two drinking water systems and a mill in the remote community of Mugu; and a \$50,000 donation to Rotary International in support of a new health centre in the Solomon Islands.

Two Salmat donors were selected to join Chairman Peter Mattick on a trip to Namuga in the Solomon Islands in March 2014 to inspect progress on the health centre build and report back to the organisation on how staff contributions are making a real difference to people's lives.

Salmat elected to divert some of our regular program funds during the year to support emergency aid in the Philippines following Typhoon Haiyan. Salmat donated via CARE Australia to provide emergency food supplies and programs to help people return to work and earn an income following the disaster.

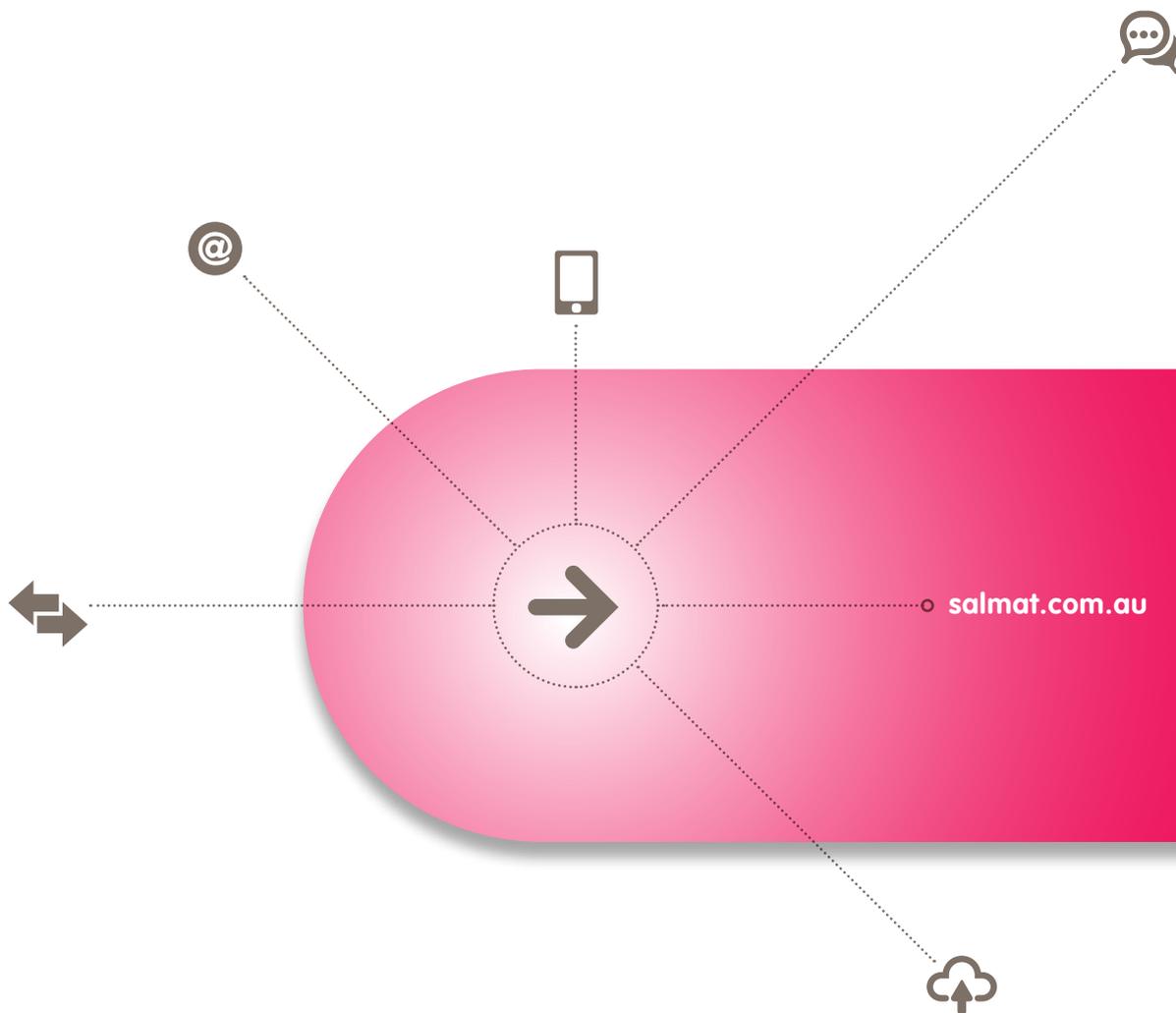
Salmat is also currently sponsoring Thomas Fraser-Holmes, an outstanding young swimmer who had a number of successes during the year, including gold and silver medals at the Commonwealth Games in Glasgow.

### Environment

Salmat is continuously aware of the potential impact that our operations and workplaces may have on the environment and is focussed on mitigating any issues. This focus is supported by six key initiatives maintained within the WHSE Three Year Plan. A recent review of our stance on the environment has seen our overall policy position move towards a focus on the three 'R's – reduce, reuse and recycle – as a simple, but comprehensive response to our environmental impacts.

We currently maintain programs that support the environmentally-friendly recycling of materials that are a direct result of, or a by-product of our operations, including paper, cardboard, plastics, hardware and other office consumables.

Our suppliers chosen to partner in our recycling programs have been selected on their ability to provide an environmentally sound method to the further processing of our waste materials. New facilities that we have either purpose-built or fitted out have also been assessed during the pre-development and production phases to ensure devices and fittings that support the reduction and reuse program are implemented wherever possible.



**Salmat Limited**

ABN 11 002 724 638

**Registered office**

Level 3, 116 Miller Street  
North Sydney NSW 2060

Telephone: (02) 9928 6500

Facsimile: (02) 9928 6652

www.salmat.com.au

**Directors**

**Peter Mattick** Chairman

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

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

**Philip Salter** Non-executive Director

**John Thorn** Lead Independent Director

**Mark Webster** Non-executive Director (Independent)

**Company Secretary**

**Stephen Bardwell**

**Auditors**

**PricewaterhouseCoopers**

GPO Box 2650

Sydney NSW 1171

**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

Telephone: 1300 554 474 or (02) 8280 7111

Facsimile: (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 Friday 21 November 2014

**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** 18 September 2014

**Annual General Meeting** 21 November 2014

**Half year results** February 2015

**Interim dividend** April 2015

**Full year results and dividend announcement** August 2015

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