

Wellcom Group Limited (ABN 85 114 312 542)

2017 AGM – CHAIRMAN'S ADDRESS

19 October 2017

Introduction

Good morning ladies and gentlemen.

May I wish you a very warm welcome to the 2017 Wellcom Group Limited, Annual General Meeting.

If I could request that you make sure your mobile phones are switched off or on silent mode during the presentation – thank you.

On behalf of my fellow directors, Mr Kerry Smith, Mr Charles Anzarut, and Ms Janette Kendall, thank you for your continued support and for joining us here today.

Firstly I wish to apologise for the need to change venues today.

Unfortunately, the area alongside The Westin is undergoing major works for the Metro tunnel, and the noise generated by jackhammers and other builders works, made it impossible to conduct our AGM in that environment.

We were only notified late last week of the fact that the works had been delayed and therefore the noise factor arose.

I am Wayne Sidwell, Non Executive Chairman of the Wellcom Group Limited. Being 10:45am, and as we have a quorum, it is with great pleasure that I now declare the 2017 AGM open.

As well as my fellow Board Members, we are joined by our recently appointed CEO, Mr Andrew Sidwell, and our Company Secretary, Chief Financial Officer and Global Chief Operations Officer, Mr Andrew Lumsden.

Also in attendance is our company auditor, Mr Nick Walker, Partner, HLB Mann Judd, and a warm welcome to you Nick.

I would also like to extend my personal thanks to our previous CEO, Mr Steve Rees. Steve has done a brilliant job for over twenty years, and to you Steve, a big thank you on a job well done.

Financial Highlights 2016-17

The 2016-17 year has been a year of significant new business wins across the worldwide network including Telstra Digital, Pernod Ricard (US), JC Penney (US) and Tesco (UK), but we also experienced a couple of major losses being Masters Hardware (which was shut down by Wesfarmers) and Dick Smith Electronics (which went into liquidation).

While I must emphasise that these losses were not related to Wellcom's performance and totally outside of our control – they nonetheless, impacted our business.

The Group recorded net revenues, excluding print management pass through costs, of \$98.69 million.

This was consistent with the prior year when eliminating the effects of weakening overseas currencies against the Australian dollar.

Operating margins within the Group increased to 19.2% on a net revenue basis, up slightly by 0.2% on the previous year, with margin improvement in both the Australian and US markets.

I'm pleased to report that this has left the business in a strong financial position – and very importantly, we maintain a debt-free balance sheet.

To sustain our fiscal position, we hold strong cash flows from operating activities, and in real terms, it equates to what we consider to be, a positive outlook for the year ahead.

Once again, revenue contribution has been impressive across the entire Wellcom Worldwide Group.

As a consequence, the full year dividend for 30 June 2017, was increased to a fully franked 23 cents per share.

I believe we have witnessed some very positive outcomes that will provide good momentum for 2018.

This not only includes the Group's new business wins, but also the types of services taken up in gaining these wins – and in virtually every case, they represent multiple products and services.

In my review today I want to outline how our technology and creative strategies reached new heights throughout the year, and then point to how they have become the foundation stones for the future.

This will prove important to the business, and in turn, important to our shareholders – and my confidence for the year ahead is forged from these strategies. Starting with people, I explained last year that we would invest in talent and where required, bring in new talent to meet our goals for the coming years.

It was a rigorous process and this has been applied and actioned successfully.

This will continue as we build upon the creative and technology credentials of the global businesses.

Starting at senior management level, I'm pleased to announce that Andrew Sidwell has been promoted to the position of CEO (Australia/NZ).

Andrew had previously been assigned with the task of re-engineering the London office in concert with the recently appointed London management team.

It included a transition plan to take the business from a conventional pre-press company to a content creation, technology and digital operation and this involved:

- taking costs out of the business without impeding services and delivery;

- re-structuring the management, sales and account service channels to work closer with clients and win new business;

- taking a more proactive sales focus in the rollout of Knowledgewell technologies;

- promoting the de-coupling model and hub strategy to prospective clients.

Most significantly, the London operation saw some important new business wins and lead to the Knowledgewell technology sale to Tesco.

As replacement for Andrew Sidwell, we appointed an extremely well credentialed candidate in Duncan Stokes, to the position of Wellcom London managing director.

Duncan's background in senior management included running the production of creative agency Ogilvy/Redworks – and we are indeed fortunate to have such a well connected and talented senior manager overseeing the London operation.

To further complement the London business, our creative retouching specialist, Gary Meade has been promoted to implement and manage the Dippin' Sauce brand into the London marketplace. This is being conducted under the watch of Jared Domow, who runs the Dippin' Sauce, New York office.

Dippin' Sauce is our highly respected creative retouching business in NYC with blue chip clients including Michael Kors, Victoria's Secret and Hugo Boss.

While in New York, Max Oshman, Head of Digital, assists David Bridges at thelab in the digital creative and strategic side of the business.

The combination of David, Jared and Max, make for a formidable management team combination and all of these positions demonstrate exciting times ahead.

The success of the Wellcom Worldwide business has always been its talent.

The same can be said for our technology developers located at the Lorimer Street headquarters in Port Melbourne. Aply lead by Mark Sweetnam and Shaun Gray, they manage a development team whose efforts are already taking the business, and its technology, to even greater heights.

I also want to acknowledge the great work, of our London technology team. To Jason van Praagh, Nigel Brownless and Jaime Adams, thank you, a job well done across the development and deployment of the Tesco launch.

Ordinarily I would not normally begin the yearly review on technology, but this year has seen our Knowledgewell technology take to the global stage. For the first time, we have sold our proprietary Knowledgewell software into the UK and the USA, and to major blue chip global clients.

This is a great step forward for Wellcom.

But before I start, I want to put this into context because we were pitched against the biggest – and by reputation – the brightest international software vendors globally – and were successful.

Reputations were put aside and the evaluation ratings were based on functionality, usability, scalability, innovation, experience, flexibility and customisation – and Knowledgewell was judged the best.

Just so you can better understand the importance of what has been achieved, the clients concerned were UK based grocery and financial brand Tesco, and US based The Simon Group.

Tesco is the largest grocery chain in the UK and also operates in India, Malaysia, the Czech Republic, Hungary, Ireland, Turkey, Slovakia and China.

On the other side of the Atlantic, The Simon Group is in North America and employs 5,000 staff and own or have an interest in 325 properties (a similar group to Westfield in Australia). These are world leading businesses and these are exceptional sales.

Knowledgewell competed against companies whose sole business is technology development, and who sell their software products to the very biggest organisations globally.

Why we won was based on the fact that one of the biggest features that Knowledgewell had over all competitors was relevance to specific markets – that is, an enterprise suite of tools that addressed everything in a way that didn't require software re-makes, re-versioning, or changes to scope.

What we had produced was specifically made for retail; retail marketing; retail back of office and had financial reporting at every step. This meant measurement, cost vs profit, consequential reporting – and all from the single source – that's Knowledgewell.

With the major supermarkets in Australia using Knowledgewell, the international test cases are exciting.

And it was also welcoming to see financial institutions, manufacturers and distributors taking up Knowledgewell services this financial year.

Our list of products and services have increased substantially. This has been a consequence of change by predicting market indicators before they actually come into play – and I can honestly say that there has not been a year go by without substantial change to our business.

For example, here is our list of products and services when we began trading in 2000:

- Pre media
- Conventional retouching
- Product colour matching
- Digital sends
- Digital artwork
- Production artwork or pre media hubs
- Basic digital storage
- Digital photography.

Since then Knowledgewell was officially launched as a product under its own title, and took over all of the company's digital storage and all digital artwork was performed out of the production oriented hubs.

We then began the transition from a production oriented company, to a more creative focussed business.

This is aptly demonstrated in our current list of products and services and the headline change is creative – as mentioned this is the game changer and the most important shift we have made to date.

The current list includes:

- Print design for catalogues, magazines, annual reports
- Corporate brand design
- Brand management
- Online design for banners, websites and eCommerce solutions
- Copywriting
- 3D illustration and animation (CGI)
- High-end creative retouching
- Colour matching and grading
- Photography, art direction and styling
- Creative Video
- Video post production
- Script writing, sound recording and editing
- Print management
- Digital print

All of these services can be sold in concert with Knowledgewell and the convergence, as demonstrated in the 2017 business wins, amply demonstrates the momentum.

This brings me to products and services integration which is fast becoming our latest service offering in terms of new business and organic growth.

Integrated products and services is important because it is where we are going in terms of offering our clients (both new and existing), superior outcomes.

Put simply, it's creating client content for multiple media channels – whether it be print, online, digital, video or all of these.

Last year, we promoted de-coupling as a key strategy and this was where major clients were de-coupling their marketing media production – so rather than having a single supplier provide all their marketing options, they were placing their spend across multiple suppliers – let's call it best fit suppliers.

For us, this was the perfect opportunity to capitalise on picking up components of a client's marketing budget and honing an offer around a single product – for example video production or online.

We did very well and we are still doing well out of this strategy – but what has changed since, is that we began upselling additional products and services beyond those signed up for originally.

Typical examples are Tesco in the UK, Pernod Ricard in the US and Telstra and Stockland in Australia.

The most important aspect has been the creative side – the more creative we became, the more media variations we won alongside the original brief. Suddenly significant organic growth began to prove that this strategy was most compelling across our client base.

The game changer for us is in the creative process – namely smarter design, attention seeking visuals, clever words. This is what we are moving into – and this is what is winning organic growth as well as winning new business.

Here is a typical, but simple example of what I refer to as integrated services, and it's typical across the Wellcom Worldwide network.

Let's dissect this example to explore the sum parts that made this so successful for our client.

MotorOne were preparing for the launch of their new car surface protection product – Hydro. The client approached us with the task of creating a new logo and brand position for the product within their existing product range.

The challenge was showcasing the quality of the new product in a unique, engaging way, that would entice consumers and excite car dealerships to on sell the Hydro Protektiv product.

The result was a striking logo, strong visuals and an arresting video. The video promoted the product at trade shows and dealerships, prompting conversation and in turn, sales. The MotorOne team were also able to use the content for future projects and launches.

From a simple video brief, it turned into a creatively driven script, a full working storyboard concept, CGI (computer graphics) 3D illustration, animation, sound design, and then a re-brand makeover for its logo design. The culmination saw the integration of no fewer than seven Wellcom services.

This is just one example from our Integrated Services offering strategy and the bulk of our organic growth emanates out of this concept.

As we display outstanding competence in any given marketing area, our clients associate this with extending it to another area and so the trend picks up momentum.

Wellcom Hubs

We now have hubs in the UK and US markets and this brings the total to around 60 globally – and we know they work wherever they're installed, into corporations, retailers and ad agencies.

They have been the most successful and consistent revenue gatherers for the Group.

The Australasian hubs alone, generate over 70% of our revenue and are embedded in our clients' offices. As well as best of category skilled personnel, we provide latest version state-of-the-art hardware, software, comms links and digital storage.

Today's creative hub model is a far cry from those production hubs of around even five years ago.

The new hub model is fully customised to meet individual client specifications and all hubs are creatively enabled with both print and digital focus. Hubs are also the biggest cross-sell assets in

the Group opening opportunities for high-end retouching, CGI, digital print, print management, photography and video.

As well as this, the latest hub model can be optioned with art direction, copywriting and online programming capacity which demonstrates service integration at its very best.

Wellcom London

These are exciting times for the London business. As mentioned previously it includes a new Managing Director Duncan Stokes – already well credentialed in the creative and marketing space.

It also sees the fully implemented Tesco Knowledgewell deal, and Duncan and his team has the best test case from which to demonstrate future technology sales on.

Tesco now has a Wellcom technology solution, two hubs operating in traditional and digital media, and a partnership Joint Venture with advertising agency BBH. This is a perfect collaboration.

Due to the international reputation of our New York based Dippin' Sauce, we have introduced the business into the London marketplace where the demand for the very highest calibre creative, makes Dippin' Sauce a perfect choice for local advertising agencies and top fashion labels.

Another fine new business win was with the highly creative Havas Worldwide (London) business. Havas is one of the world's leading creative advertising agencies.

For Havas, we are providing a full Service Hub solution, including digital production.

Wellcom USA

Our US business thelab and Dippin' Sauce, have enjoyed another fine year under the leadership of David Bridges and Jared Domow. David has the ability to best determine what clients need and this uncanny talent has won some very impressive new business across a broad spectrum of US market sectors.

thelab is headquartered in New York and has other offices located at Columbus Ohio and L.A California.

New business wins have been impressive.

The Simon Group was a Knowledgewell solution where we deployed our MRM (Marketing Resource Management) technology.

This represents one of the best Knowledgewell sales in the US to date and highlights David's ability to successfully sell thelabs' highly creative services.

In addition, thelab also won Red Lobster with a full digital and strategic solution. Represented in 11 countries, Red Lobster is very substantial family restaurant chain.

Another fine new business win was iconic US retail brand J.C Penney who have 875 stores across America. thelab is providing a full TV production versioning solution that offers local area marketing cut-downs for all of their stores across the nation.

The final piece of business, which was already a recent new client, is world renown liquor brand Pernod Ricard. So impressed were they with thelab's performance over the year, that they gave David's team their digital and creative services business.

These were all fine achievements.

In addition to this we first presented Dippin' Sauce last year under the leadership of Jared and his team.

Jared's boutique team have continued their fine work and there have been some fine collaborative cross sell initiatives with thelab throughout the year. We are very proud of the work coming out of the US and as explained, we have taken Dippin' Sauce to London.

Wellcom Asia

Our Asian operation is headquartered in Kuala Lumpur and is given the name "Centre of Excellence" as the standard of work emanating out of this super hub befits the title.

Under the keen leadership of Grant Glover, this office is excelling in terms of quantity throughput and quality output.

Originally established to manage overload work at the lower end production base, it now offers a total service as well as high end retouching. More recently, we added a total digital production offering including flash programming.

This facility offers all our clients from any global location, high quality cost competitive work, and in many cases, delivered overnight.

This service offering has come into its own space and many new business gains have a "Centre of Excellence" component attached to the service contracts.

I would like to thank Michael Bettridge for his work as our Asian Managing Director and also in his important role as New Business Development Officer.

Mick has led our global pitch team with wins on Tesco, Sigma, News Australia, Telstra Digital and the recently announced Countdown in New Zealand. The largest supermarket chain with around 180 stores throughout New Zealand.

The final review is the Wellcom Australia / New Zealand review which I will hand over to the new appointed CEO, Andrew Sidwell.

Please welcome Andrew.

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2017 AGM – CHIEF EXECUTIVE OFFICER'S ADDRESS

19 October 2017

Thank you Wayne, and good morning everyone.

It gives me great pleasure to address you today as the Chief Executive Officer of Australia and New Zealand – it's an honour and I am extremely humbled by my recent appointment to join the executive team at Wellcom Worldwide.

As Wayne mentioned previously, I have most recently been Managing Director of Wellcom London, and prior to this, I was General Manager of Wellcom Melbourne – and I believe this has afforded me the perfect foundation for the CEO position.

Working in London, gave me the opportunity to analyse the UK business and the market, determine its strengths and weaknesses, and then take the necessary steps to re-engineer the London office.

This by no means meant the London business was broken – but rather it was time to re-engineer the business to suit the changing marketing and advertising environment.

This included a good deal of change management to progress the business away traditional media, to a more creative and technology company, emulating the other Wellcom global businesses. This included both management and sales infrastructure changes, along with the introduction of new services.

We also identified that our Knowledgewell software was not correctly positioned in the UK market and to correct this anomaly, our Global I.T Solutions Manager, Shaun Gray was brought over for 12 months to assess and then fully implement the latest Knowledgewell product.

Coincidentally, while this internal review was under way we learnt that Tesco was investigating a technology platform to underpin its vast organisation. With such an opportunity presenting itself, we put Knowledgewell in front of Tesco. This was to be a defining move.

As you've heard we won a hard fought pitch against leading international software vendors, and Knowledgewell was chosen as the software of choice for immediate implementation into the Tesco business.

At the same time, our change of creative direction excited a good deal more local interest the moment we began the strategic shift.

As a consequence, significant new blue-chip business was added over that time.

But today, my focus has shifted to Wellcom Australia and New Zealand. This market represents around 70% of the total revenue and remains the primary driver for the Group.

For the 2016-17 year, the local market saw lower than expected retail sales, largely due to stagnate wages growth over the course of the year – and this resulted in lower than average consumer discretionary spending, which in turn, reduced consumer confidence.

Off the back of this, the local advertising market saw client spending drop over the last quarter.

In spite of this our hubs performed admirably across all client market sectors. This not only proves Wellcom's resilience, but our ability to adopt new services and re-engineer existing services to meet the forever changing needs of marketers.

This agile methodology we practice, makes Wellcom very adaptable to a disruptive market.

Social media and eCommerce is having a profound effect on Australian retail and some may see this as a problem, whereas I see it as an opportunity, especially for Wellcom.

The appetite for more content has never been stronger, and Wellcom has the talent and infrastructure to meet this growing demand. Video, CGI, photography, digital and design services, is quickly replacing traditional media, which means more content to produce.

This includes our large cost competitive photographic capacity at Pyrmont in Sydney, and Port Melbourne, South Melbourne and Fisherman's Bend in Melbourne. These studios have enormous throughput, and are all centrally located.

As well, Fisherman's Bend has two retail automated studios that generate flat-lays and mannequin shots in a quarter of the time it would take conventionally – and is ideal for eCommerce websites, where both quality and low production costs, is mandatory.

This workflow and content is also integrated with Knowledgewell's Digital Asset Management module, providing speed to market and superior Return On Investment for marketers.

But fundamentally, Wellcom is both media and content agnostic. We provide an array of production, technology and marketing services to many different industry sectors, outputting a vast array over different content. From social video to podcasts, CGI to Augmented Reality, Art Direction to copywriting.

Content is certainly still king.

These are just some of the ways we will be helping Australian retailers grow their brands.

And the Australasian new business gains for the year were excellent:

- in manufacturing: Bulla and Riviana;
- with corporate services: News Corp and Mercers;
- the healthcare sector: AHM Medibank and Sigma Pharmaceuticals;
- leisure and entertainment: The Victoria Racing Club;
- beverages and distribution: Treasury Wine Estates.

It was also excellent to see Wellcom Auckland pick up the iconic brand Wrigleys, which is a part of the international Mars Confectionery Group.

All of these brands are expanding businesses and in market sectors that show growth for the future - I congratulate my Australasian teams for this most significant result.

The immediate future for the Australasian business is strong and the new business wins offer a clue as to the diversity of clients we are reaching for and winning – and while retail is important, it remains simply part of the mix.

To foster our ongoing commitment to retailers however, we are building new processes and further investing in our Knowledgewell software platform, to help local retailers embrace disruption and discover new opportunities.

Things will become tougher in Australia when Amazon, Debenhams and sportswear chain JD Sports enter the market, adding to the already successful players of Zara, Uniqlo, Aldi and Costco.

Credit Suisse summed up the entrance of Amazon by saying “anything that can be put in a small box, is vulnerable to the Amazon onslaught.”

And because of this, Wellcom has already witnessed a decrease in client inertia, with retailers investing more in their internal systems and digital platforms, outsourcing more indirect services, and focusing on their brands and content to drive growth.

Apart from the services diversity we offer, the possibilities of marketing integration for our clients has never been stronger. I believe these, in conjunction with Knowledgewell, can make a significant difference in the globalisation wars that our local retailers are just about to experience.

So, for 2018, the strategies for Australia and New Zealand, can be divided into three inter-connected components:

1. Re-engineering our Hubs: to meet the shifting content needs of marketers, our hubs are currently being transformed into creative studios linked with our Malaysian 'Centre of Excellence' to provide high-level creative production and superior speed to market. This also includes developing dedicated Greenfield omni-channel production studios for blue-chip clients.
2. Creative Production investment: this is building on our social and digital teams, that include strategists, planners, copywriters, art directors, developers, and designers to provide both the 'thinking' and the 'doing' behind content creation.
3. Knowledgewell expansion: now that KW has matured into a SaaS, we see further potential to up-sell into our existing client base, and acquire new clients who are looking for a smarter way to manage their marketing operations.

In summary, these are very exciting times for Wellcom and I believe our strategic vision will resonate with all our clients – both local and global.

We are building a digital, creative and technology story that will underpin a positive 2018 result.

Thank you very much for your time and I will hand you back to Wayne.

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2017 AGM – CHAIRMAN'S ADDRESS - CONTINUED

19 October 2017

Thank you Andrew.

As you would have already picked up on, a good deal of work has been done preparing the direction for 2018 and beyond, and I am most satisfied with what has been done globally.

Some of the 2016-17 new business gains were first planted as far back as 2014.

Large corporations do not move business or appoint companies without a lot of due diligence – it takes time – it takes infinite patience – it takes trust. Trust is a big word.

Our strategies are firmly set, and these are being used to seek out the new opportunities for 2018.

There is so much depth and substance in our Knowledgewell software today.

It can make any business more competitive – it can offer them a far reaching and uncompromising overview of their business and marketing activity.

For those retailers who can identify the challenges ahead in the Australian market, this is an invitation to talk to us on how we can work with you to meet your objectives.

Global Adaptation of client marketing is increasing as is local area market versioning. Wellcom is producing such work as a global solution, as well as a local area solution and J.C Penney in the US is a prime example. There is so much additional opportunity for this type of work.

We have also rolled out our first re-brand in some ten years and this has been launched globally. It takes on a far more contemporary approach and one that visually describes us admirably as a high level creative organisation.

Our final strategy evolves around completing the strategic plan with total digital integration.

We have been working in the digital space for several years but the Group has now gone to the next level where we not only write, design and code in the digital space, but we work in a consultancy capacity to advise clients on social media issues including where the audience is, how to find them, and what to say that to them in order to convert them to influencers or buyers.

This is the next step in our social media strategy and it drives us directly into the realms of social marketing consultancy and management.

Conclusion

This 2016 -17 period has been a year of consolidation – we have methodically and carefully worked on the plan for 2018, and I sincerely thank my executive team for the hard work and many hours of effort in planning and executing those plans that I believe, will maintain and grow sales.

At no time previously in our history could I have been able to walk so confidently into a potential client boardroom and be armed with so much proven, in the market software, as we have with our technology Knowledgewell today.

Never before have we been able to point to grand scale deployments in all corners of the globe – not to mention the biggest players.

And now we can offer these three words to any potential client – “powered by Knowledgewell”.

Our technology team is taking us into places we have never been to before and yes...it is exciting.

But we never get ahead of ourselves. There is always work to be done and markets to be developed and grown.

Economic situations are something we can't manage let alone predict. Being global marketers we are exposed to happenings on all continents.

We understand how to recognise these through market forces and how to manage varying situations. We have learned to do it efficiently, effectively, quickly, and we will assist retailers with Knowledgewell and supporting cost-effective process management tools – this includes integrated services.

And just to reinforce the point, all of the new business won for this year has more than one integrated product and service take up.

On top of this, every new business gain offers ample scope to move higher up the creative food-chain and grow the offer substantially. As a result, my optimism for continued growth in 2018 remains.

I leave you with this final point.

A lot has been said around the latest buzz word “disruption” in recent times.

But businesses get disrupted and impacted by innovation.

This has been happening for centuries.

A business must be innovative and develop new technologies and automate processes to stay ahead.

Disruption occurs as a result of innovation.

Wellcom sees itself as an ongoing innovator!

With proceedings coming to a close, I would like to take this opportunity on behalf of my fellow directors, Mr Charles Anzarut, Mr Kerry Smith, Ms Janette Kendall, our CEO, Mr Andrew Sidwell, and our CFO Andrew Lumsden, to again thank our management team, and our hard working staff and their families across all of the Wellcom worldwide networks.

Their fine work, loyalty and dedication have contributed to our ongoing growth.

Sincere thanks must also go to our clients, whose loyalty and faith in our ability to constantly deliver has kept us where we are today.

Finally, I would like to thank you, our shareholders and say it is with pleasure that we have again passed on another strong fully franked dividend.

On behalf of your Board of directors, I would like to thank you for your time today.

There is a Wellcom gift package from our clients for you to take with you as you leave. I now hereby formally close the 2017 Wellcom Group Annual General Meeting.

Thank you.