



WELLCOM GROUP DELIVERS 14% EARNINGS GROWTH AND RAISES DIVIDEND PER SHARE

17 AUGUST 2016

Wellcom Group Limited (Wellcom) (ASX: WLL), a leading global independent advertising and marketing production agency, providing content creation and content management services in Australia, New Zealand, Singapore, Malaysia, the United Kingdom and the United States of America, today announced its results for the year ended 30 June 2016.

	FY16 \$m	FY15 \$m	Change
Statutory Revenue	156.24	115.35	+ 35%
Net Revenue (excl. print management pass through costs)	103.38	85.90	+ 20%
EBITDA	19.08	16.07	+ 19%
EBIT	16.44	13.90	+ 18%
Profit after tax from continuing operations	11.10	9.76	+ 14%
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Earnings per share	28.33	24.91	+ 14%
Dividends per share:			
- Interim Dividend	9.0	8.5	+ 6%
- Final Dividend	13.5	12.0	+ 13%
- Total Dividend	22.5	20.5	+ 10%
Franking (%)	100	100	-

In commenting on the result, Mr Wayne Sidwell, Executive Chairman of the Wellcom Group said, "We are delighted to report a result ahead of expectations, reflecting a 14% increase in earnings per share, and with strong growth delivered across all of our business units and geographies. Brands are moving to 'always on' content strategies, benefitting companies with experience in delivering large volumes of content frequently. Wellcom's expertise is in ensuring our clients' content is delivered in the right context, with speed, accuracy and consistency. The business is well positioned for future long-term growth, with the ability to service global customers in all leading consumer markets.

A strong financial position, together with healthy cash flows and a positive future outlook, have allowed the full year dividend for the year ended 30 June 2016 to be increased to 22.5 cents per share, reflecting a payout ratio of 79%."

OPERATING PERFORMANCE

Group revenue of \$156.24m (2015: \$115.35m) represented an increase of 35% over the previous financial year, with net revenue (excluding print management pass through costs) of \$103.38m (2015: \$85.90m) representing an increase of 20% over the same period. The increase in net revenue has been driven by the acquisitions of Dippin' Sauce (US) and Additive Pixel (UK), in conjunction with organic sales growth across all segments. Significant new business wins included Telstra (Australia), BASF (Australia), Michael Kors (UK/US) and Luxottica (US), complemented by an expansion of Wellcom's UK partnership with Bartle, Bogle & Hegarty (BBH), in undertaking the marketing production for Tesco and Audi.

Operating margins within the Group fell slightly to 19.0% on a net revenue basis (2015: 19.5%), though improved when adjusting for the impact of foreign exchange fluctuations and a one-off cost associated with the receivership of Dick Smith Holdings.

EBITDA from continuing operations increased by 19% to \$19.08m (2015: \$16.07m), with EBIT from continuing operations increasing by 18% to \$16.44m (2015: \$13.90m). NPAT from continuing operations attributable to the owners of the Group increased 14% to \$11.10m (2015: \$9.76m), with the associated earnings per share from continuing operations increasing 14% to 28.33 cents (2015: 24.91 cents).

The effective tax rate for the Group was 32% (2015: 29%), increasing on a Group basis due to proportionally higher tax rates in the United States.

CASH FLOW AND BALANCE SHEET

The Group generated \$13.59m in cash from operating activities for the year ended 30 June 2016 (2015: \$13.78m). Net assets increased \$2.06m to \$65.43m (2015: \$63.37m). As at 30 June 2016 the Group has cash equivalents in excess of interest bearing liabilities by \$7.51m (2015: \$8.82m). This, in combination with \$8.13m of unused bank facilities (2015: \$8.02m), provides significant capital to pursue complementary acquisitions as they arise.

DIVIDEND

The Directors have declared a fully franked final dividend of 13.5 cents per share, resulting in full year dividends of 22.5 cents per share. This equates to a payout ratio of approximately 79% (2015: 82%). The record date for determining entitlements to the final dividend is 2 September 2016, and payment will occur on 16 September 2016.

OUTLOOK

Further development of the Group's proprietary Knowledgewell technology, organic growth from existing customers, and a strong pipeline of new business opportunities, is expected to underpin continued growth during FY17.

Wellcom will continue to pursue complementary acquisitions that would augment both the geographic and production capabilities of the business, and deliver increased shareholder returns over the longer term.

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