Full year earnings guidance update and new business wins

11 May 2017

Wellcom Group Limited (ASX: WLL) (Wellcom Worldwide), a leading independent creative production agency, today provided an update on trading conditions for the full year to 30 June 2017.

The Company has experienced slower than anticipated revenue growth in the second half of this year, with the subdued market conditions following widespread reporting across mainstream global media of a weak retail market and reductions in advertising and marketing spend generally.

Having regard to the above noted issues and expectations for trading for the balance of the financial year, Wellcom expects full year earnings before interest and tax to be around 5% lower than the prior year, 3% lower on a constant currency basis.

Despite this recent softening in activity, Wellcom Worldwide remains confident of the Company's market positioning and ongoing demand for its marketing services and technology.

Wellcom Worldwide Executive Chairman, Wayne Sidwell, commented "as previously reported the business has absorbed the loss of three major accounts in the current financial year, being Dick Smith Electronics, Masters Home Improvement (both of which closed for business), and Stream Solutions (Westpac Bank). This has been coupled with adverse foreign currency movements and softer market conditions in the second half of the year. Whilst the expected result for FY17 is marginally down on the prior year, the Company remains positive on the outlook and earnings growth for the Group over both the medium and long term."

The Company is delighted to announce the recent additions of JCPenny (Social Video), and DKNY (Knowledgewell) to its client roster, and that it is currently in contractual negotiations with a number of other significant blue chip accounts including Mercer Australia (Graphic Design) and Tesco.

Importantly Wellcom Worldwide will supply Tesco's centralised digital asset management system to control all digital imagery, product content, design standards, brand standards and packaging design assets globally.

The positive impact of these accounts will be realised in the financial year to 30 June 2018.

The Company continues 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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