wellcom worldwide

WELLCOM GROUP CONTINUES STRONG GROWTH, INCREASING EARNINGS AND DIVIDENDS PER SHARE

17 FEBRUARY 2016

Wellcom Group Limited (Wellcom) (ASX: WLL), one of the world's leading advertising and marketing production agencies, providing content creation and content management services in Australia, New Zealand, Singapore, Malaysia, the United Kingdom and the United States of America, primarily to corporations and retailers, today announced its results for the half-year ended 31 December 2015.

	1H16 $m	**1H15 $m**	**Change**
Statutory Revenue	80.33	54.79	+ 47%
Net revenue (excl. print management pass through costs)	**52.11**	**41.43**	**+ 26%**
EBITDA	9.39	7.78	+ 21%
EBIT	8.09	6.79	+ 19%
EBT	8.02	6.74	+ 19%
Profit after tax from continuing operations	**5.39**	**4.63**	**+ 16%**
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Earnings per share – from continuing operations	13.76	11.82	+ 16%
Dividend per share	9.0	8.5	+ 6%
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 reflecting a 16% increase in earnings per share. The business has successfully integrated the recent overseas acquisitions of Dippin' Sauce (US) and Addictive Pixel (UK), whilst realising the benefits of investments made within the UK operation in the prior year. This, together with considerable new business wins in each of our key markets, reliable operating cash flows and a strong balance sheet, has allowed the fully franked interim dividend to be increased to 9.0 cents a share.

OPERATING PERFORMANCE

Wellcom recorded statutory revenue of $80.33m for the half-year to 31 December 2015 (1H15: $54.79m), representing an increase of 47% over the previous corresponding period.

Net revenue (excluding print management pass through costs) of $52.11m for the half-year (1H15: $41.43m) represented an increase of 26% over the previous corresponding period. The increase in net revenue has been driven by the acquisitions of Dippin' Sauce (US) and Addictive Pixel (UK), in conjunction with organic sales growth across all segments. New business wins included Telstra (Australia), and Michael Kors (UK/US), complemented by an expansion of Wellcom's UK partnership with Bartle, Bogle & Hegarty (BBH), in undertaking the marketing production for Tesco and Audi.

Earnings before interest, tax, depreciation and amortisation for the Group increased 21%, to $9.39m (1H15: $7.78m).

Operating margins within the Group improved after accounting for the impacts of new business investment, the recent receivership of Dick Smith Holdings, and foreign exchange fluctuations.

Earnings before interest and tax for the Group increased by 19%, to $8.09m (1H15: $6.79m) with net profit after tax from continuing operations increasing by 16%, to $5.39m (1H15: $4.63m). The effective Group tax rate for the half-year was 33% (1H15: 31%).

CASH FLOW AND BALANCE SHEET

The Group generated $5.20m in cash from operating activities for the half-year ended 31 December 2015 (1H15: $5.79m). As at 31 December 2015, Wellcom has no net debt with cash and cash equivalents in excess of interest bearing liabilities by $3.30m (1H15: $6.04m). This, in combination with $8.06m of unused facilities, provides significant capital to pursue growth opportunities as they arise.

DIVIDEND

The Directors have declared a fully franked interim dividend of 9.0 cents per share (1H15: 8.5 cents per share). This equates to a payout ratio of approximately 65% (1H15: 72%). The record date for determining entitlements to the interim dividend is 4 March 2016, and payment will occur on 18 March 2016.

OUTLOOK

A strong first-half to the financial year is likely to be tempered slightly in the second-half of the year with subdued market conditions and uncertainty surrounding the ongoing viability of some retail clients including Dick Smith Holdings and Masters.

Previous full year guidance of around 10% EPS growth for the full year is maintained.

Wellcom 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.

For further information contact:

Wayne Sidwell
Executive Chairman
Wellcom Group Limited
(03) 9946 8000

Andrew Lumsden
Chief Financial Officer
Wellcom Group Limited
(03) 9946 8000