Salmat Limited results for the half year ended 31 December 2010

Presentation speech, 14 February 2011

<u>Grant Harrod:</u>

Agenda slide 3

Good morning and welcome to our presentation today covering Salmat's results for the half year ended 31 December 2010.

I'm Grant Harrod and I'll be presenting along with our Chief Financial Officer, Chad Barton.

We'll provide an opportunity for attendees both here in person and on the teleconference line to ask questions at the end of the presentation, so please hold any questions until that time.

Today we are covering Salmat's results for the half year; the performance of each of our business divisions; an update on our digital businesses; and our key areas of focus for future growth.

Financial summary slide 5

Normalised sales revenue was down 0.5% on the prior corresponding period, to $447.6 million. Reported sales revenue was down 1.2% on the prior year, which included around $3 million in foreign exchange variances and suspended pass-through telecommunications revenue in our interactive SMS business, following regulatory changes.

Underlying EBITA was up 7.2% to $48.8 million, on the back of increased earnings for both Targeted Media Solutions and Customer Contact Solutions. This was offset by a small decrease in the Business Process Outsourcing division.

Minimal variance in amortisation, net interest expense and tax expense meant that underlying profit was up, growing 11.3% to $26.1 million.

Statutory profit was down 6.5% on the prior period at $22.7 million, following the impact of significant item costs relating to the acquisition, relocation and restructuring.

Our underlying EBITA margin was up a further 80 basis points to 10.9%, reflecting Salmat's ongoing program of business efficiency.

Underlying earnings per share reflected the profit results, up 11.5% to 16.5 cents per share.

The directors have declared an interim dividend of 11.5 cents per share fully franked, up 4.5% on the previous interim dividend.

Overall, underlying EBITA of $48.8 million for the half is in line with our previously stated full year guidance of $92-97 million.

Half year overview slide 6

It's been a very busy start to the year, with strong underlying performance and a number of exciting activities and announcements.

Though revenue remained fairly flat for the period, both underlying EBITA and profit grew, by 7.2% and 11.3% respectively. This was a significant achievement in the current climate and also given our investment activity during the half.

Likewise, our continued margin improvement focus across the business is a positive indicator of Salmat's ability to maintain costs in an expansionary phase.

The half saw some exciting developments in our emerging digital business portfolio, with the acquisition of four key digital and interactive service companies and a strong performance by the Lasoo business. I'll go into detail about both of these things bit later in today's presentation.

We also successfully launched our newly expanded SME strategy during the half, with the rebranding of our Local Direct Network shopfronts and rollout of our new online service portal, both of which provide small and medium businesses with easy and affordable access to sophisticated direct marketing tools.

Finally, Salmat also enjoyed public recognition of our achievements across a number of different areas. In July, we dominated the finals and won three awards for outstanding contact centre staff at the ATA Victorian Awards.

We were ranked 16th in a list of 'Dream Employers' according to a survey of almost 3000 people in October 2010.

Also in October, we won a PIXI Award for print innovation in the multi-piece production category.

In November, we were awarded the WA Work Safety award for a lifting device developed by one of our staff in Perth and we've since been nominated as a national award finalist for the same category.

Business scorecard slide 7

We are focussed on four key growth objectives for the business in 2011 and are well on track to achieving each of these by year end.

We are aiming to drive organic growth via our One Salmat strategy, which is to package all our services into an integrated multi-channel offering and present this to all our clients within each of our business divisions, plus target new client opportunities.

This is a service model we'll continue to evolve and extend as a matter of course. So far this year, we've continued to see marked interest from clients in adopting a multi-channel approach to customer communications and we made good ground in cross-selling these services. The benefits derived from One Salmat have been impacted by softer BPO volumes, the strategic decision not to renew a number of CCS contact centre contracts and the removal of pass-through telco revenue.

In our digital business portfolio, we've had some significant developments, including expansion of Lasoo and the acquisitions.

Another objective has been to branch out with new solutions and make inroads into new markets: we've commenced this in two key areas, being our extended SME strategy and new e-commerce offering.

In the SME market, we recently went live with our new Local Direct Network or LDN portal, and I'd encourage you to take a look at www.ldn.net.au. Initial interest has been encouraging and we see the sector as representing an exciting new market where we hold very minimal share.

We also recently announced the launch of our e-commerce service to address a market gap in Australia for a world-class hosted online retail solution incorporating Salmat's range of digital services. Central to this service is providing a white label transaction engine and associated services on a software-as-a-service model to assist Australian retailers taking their products and services online.

Our final objective relates specifically to strategic acquisition opportunities. In addition to the digital acquisitions completed in the period, Salmat has also recently invested as a majority stakeholder in a new online start-up, called Roamz, which I'll cover later.

We are also continuing to pursue several other acquisition and joint venture opportunities so hopefully we'll be able to announce some further news in the coming year.

I'll now hand over to Chad Barton to present our full year financials in more detail.

Chad Barton:

Thanks Grant. Good morning everyone.

Group result for half year ended 31 December 2010 slide 9

As you can see from the summary results shown here, the key story in this half has been our ability to grow underlying profits even during a period of increased investment in digital assets.

EBITDA was up 5% to $60 million. Even though capex was higher, depreciation expense was 3.7% lower than the prior period due to the timing of that spend.

Underlying EBITA was up 7.2% on the prior period to $48.8 million. Amortisation was on par and interest expense was 6.4% higher, due to higher net debt and funding costs. Our average tax rate has reduced from 30.8% to 28.9%.

Underlying NPAT grew by 11.3%.

Significant items after tax comprised $2.8 million in relocation and restructure costs relating to the new BPO Victorian facility; $1.1 million in acquisition transaction costs; and a $0.5 million gain from deferred recognition of property profit in the prior year.

As a result of the net significant items, statutory NPAT was down $1.6 million on the previous result, to $22.7 million.

The Board, based on their confidence in Salmat's future, elected to increase the interim dividend to 11.5 cents. The dividend has a record date of 16 March 2011 and is payable on 6 April 2011.

Normalised revenue growth slide 10

This slide highlights the key revenue movements for the year to date.

The prior period result has been normalised to provide a clearer picture of the underlying movements: the $3 million adjustment includes $2.3 million in pass-through telecommunications revenue in our interactive SMS business, as well as $0.7 million in foreign exchange impact in the BPO division.

On this basis, revenue has dropped by 0.5% compared with the first half of 2010.

Targeted Media contributed $3.7 million in growth, on the back of higher volumes and an improved performance in our emerging interactive and digital businesses, including Lasoo.

Customer Contact Solutions contributed $9.6 million to the growth, with strong performances in contact centres.

Overall revenue was impacted by the BPO result, with normalised revenue down 8.7%. The drop in BPO revenue was mostly due to the flow-on effect from reduced volumes in the last half of 2010 and the ongoing shift to electronic presentment.

Underlying EBITA slide 11

Underlying EBITA grew by $3.3 million or 7.2% to $48.8 million with growth in TMS and CCS, offset by a small decline in BPO EBITA.

Our Targeted Media division continues to grow revenue and expand margins, thus growing EBITA by $1.8 million.

The CCS division also grew EBITA thanks to improved revenue performance in its contact centres.

Though BPO EBITA was impacted by the lower volumes and investment in the e-solutions area, it was supported by efficiency gains across the business.

Corporate expenses were lower than previously thanks to business efficiencies.

Balance sheet slide 12

Looking at our balance sheet, current assets were 2.5% lower than the prior corresponding half due to lower cash holdings at 31 December 2010.

Fixed assets were up 16.6% primarily due to the new Victorian BPO facility and some investment in improved production capability.

Goodwill grew by $75.8 million following the business acquisition of digital assets in December.

While the acquisition was not funded by 31 December, $88.2 million (representing $75.3 million initial consideration and $12.9 million in contingent consideration) was recognised as a current liability, payable after 31 December 2010.

At the same time last year we had $180 million debt in current liabilities: this has now moved to non-current liabilities following the refinancing in December 2010.

Cash flow slide 13

Net operating cash flow grew by 5.1% on the prior result. Cash capital expenditure was up 32.5%. While the BPO relocation in Victoria was primarily financed via lease-based arrangements, we did fund some of this through cash, in addition to cash spending on further production capability. Free cash flow before tax and significant items was thus slightly down.

The increase in tax paid resulted from a significant profit increase in 2009 (168% on 2008) and again in 2010 (42.5% on 2009). Tax instalments in 2009/2010 were based on previous assessments, leading to a large final tax payment in the first half of 2011.

On this basis, free cash flow for the first half was $12.7 million.

An additional dividend payment of $18.3 million during the half was larger than usual due to the special dividend, thus net cash reduced by $23.1 million.

Net debt was 2.5% higher by 31 December at $160.1 million, but has since increased due to the acquisition.

Net debt and underlying EBITA slide 14

Had the $75.3 million been paid for the acquisition by 31 December, net debt would have stood at $235.5 million.

This is the first increase in net debt for several years, following a period of significant debt reduction via cash flow and working capital management to bring debt back down following the HPA acquisition in late 2007.

As you can see, underlying EBITA has continued to grow throughout this period.

We renegotiated our finance facilities to fund the recent acquisition, including extending $105 million in senior debt by three years to December 2013 and adding a new tranche of $99 million that expires in December 2014. This brings our total facilities to $309 million, with headroom for further investment as opportunities arise.

Capital expenditure slide 15

Capital expenditure is on par with our normal pattern at an underlying level but slightly higher when significant investments are included. These investments relate our new BPO facility, software development related to a major contract win and new colour print technology: all of which will deliver net gains in the medium and long term.

We expect total capital expenditure as a percentage of revenue to continue to track at the same approximate rate to the full year.

Key ratios slide 16

Each of Salmat's underlying margins has continued to increase against the prior corresponding period as a result of increased earnings.

Underlying EPS accretion also continues to rise.

Annualised dividend yield increased from 5.2% to 7.1% on the back of increased dividends.

The gearing ratio grew in line with our higher net debt, but remains comfortably within the required covenants. Our interest coverage has improved to 6.0x.

To give you an idea of the impact of the acquisition, gearing stood at 36.2% by 31 December but would have been 45.5% had cash been paid by year end and rolling interest coverage ratio would have only been marginally lower, at 5.97x rather than 6.0x.

Key production volumes slide 17

Production volumes showed pleasing growth across most of the business, especially in the key digital and interactive areas. It should be noted that we have not included volumes from the new digital and interactive businesses, as they only contributed eight days to the half year.

Catalogue volumes grew a further 2.4% to more than 2.6 billion.

As you may recall, we saw mail pack volumes reduce by 5% in January to June 2010. Given this was only a half year impact, we have seen the annualisation impact of this reduction between July and December, with mail pack volumes down 12%. Some of this decrease also flowed from the time delay between new work being won and implemented into production.

In CCS, call centre seat utilisation was down 1.2% following the strategic exit of commodity work.

The reasoning behind our decision to move into the digital arena becomes clear when you look at the volume growth in the remaining items.

Interactive email showed strong growth of 108% due to new business wins and interactive SMS also grew by 2.5%.

Lasoo continues to grow at a rapid rate, with more than 10.1 million visits during the half. More tellingly, offer interactions and offer impressions were both up more than 60%, meaning that visitors are actively using the site and clicking through for further details.

I'll now hand back to Grant who will take you through the strategic review for each of our divisions, go into some additional detail about activity in our digital businesses and provide an update on our outlook.

Grant Harrod:

Thanks, Chad.

Targeted Media Solutions financial performance slide 20

Targeted Media Solutions revenue was up at both a statutory and normalised level compared with the prior period.

Letterbox volumes grew despite the absence of Target volumes and a tougher retail environment. Volumes were particularly good for the SME market, as we roll out our new solution targeting these clients. The data analytics business that was transferred from BPO has been very successfully integrated into TMS and already picked up several major new contracts, to post a significant increase in revenue.

Underlying EBITA grew by 8.7% thanks to a strong business efficiency program across all parts of the division.

*** Targeted Media Solutions scorecard update slide 21***

Our scorecard for TMS is looking good for the year to date, with all of our key objectives on track.

Interest in multi-channel solutions continues to grow, especially amongst traditional letterbox clients recognising the added value of the newer digital and interactive channels complementing their catalogue programs. We expect to drive further cross-channel sales with our sales force now operating as a truly cohesive 'One Salmat' team. The new services acquired with our recent acquisition and our development of a new hosted e-commerce platform for the local retail market will add further appeal to Salmat's already compelling total direct marketing solution.

Our focus during the first half for Lasoo has been to deepen content and enhance functionality. We're on track here, with a number of exciting new features and upgrades, which in turn has attracted even more retailers and consumers. We welcomed a number of new brick and mortar retailers and e-tailers during the half and we've increased the number of products presented on the site by more than six fold over the same time last year. As Chad outlined, visitors to the site are also up significantly over the prior period.

We are also very happy with the progress of our strategy to develop targeted solutions for the SME market. Our new LDN network was launched in November and our online portal has gone live this month. Already we are seeing strong volume gains amongst LDN clients. Additional services will be added to the portal by mid-2011 and we have built a dedicated SME sales team to target this market.

Customer Contact Solutions financial performance slide 23

Customer Contact Solutions revenue grew by 6.3%, primarily in the call centre business. Our strategic focus to re-position our business as a provider of premium outsourced contact centre services has resulted in us not renewing a number of commodity contracts. This will impact CCS performance over the next six to twelve months as we adjust the client portfolio to better utilise our unique skills and competencies in this area, and improve returns.

Underlying EBITA improved in the half with a continued focus on better site utilisation and other efficiency initiatives.

Margin was just under the previous result, at 6.2%. As we have previously outlined, this is due to the level of commodity call centre work currently being undertaken, which we will switch out of to allow us to concentrate on our preferred target market seeking a sophisticated and premium-based contact centre service.

*** Customer Contact Solutions scorecard update slide 24***

Operating profit growth is not yet tracking at the same rate as revenue growth, though as mentioned we are actively reviewing our contact centre client mix to redress this imbalance. The remaining CCS businesses - including Direct Sales, e-Learning and Speech – are involved in more discretionary activities and thus are more susceptible to a softer retail market. We look forward to the external environment improving and this having a positive impact on these businesses.

Opportunities within our current CCS client base and market are plentiful, especially those with a One Salmat focus where several key opportunities were converted in the first half: some of which are yet to impact the financials. This strategy has gained traction over the past few months, with solid prospects lined up in several different markets, however the transition of client mix as outlined will take six to twelve months as we secure new contracts.

In addition, we have the opportunity to drive further efficiencies in the contact centre business with a move to IP-based telephony services, which will also provide opportunities to establish a new client service providing hosted contact centre technology. This expands our target market to include those clients who wish to insource their contact centre requirements but still require a more sophisticated reporting and call management system to extract maximum value from their customer contact centres.

Business Process Outsourcing financial performance slide 26

Business Process Outsourcing revenue was down 8.7% at a normalised level, after accounting for foreign exchange impacts and the transfer of a data analytics business to the TMS division. The decrease mainly resulted from lower mail volumes that flowed through from the second half of 2010. Mail volumes were impacted by the subtle shift to electronic presentment but also slower performance in the key financial markets sector, due to an absence of major shareholder communication activities such as IPOs in the period.

Underlying EBITA was down $0.5 million, however productivity gains across the business saw the margin increase to 13.5%.

New wins yet to be implemented should flow into the second half.

*** Business Process Outsourcing scorecard update slide 27***

Our scorecard in the BPO division indicates that while we are definitely making progress, we have further opportunity to grow earnings via efficiency initiatives and building out our emerging activities to drive top line growth in this business.

The development of our e-solutions service portfolio is a key objective for the division. Salmat is developing a comprehensive suite of e-solutions applications, built around a multi-channel inbound and outbound communication platform. This technology uses intelligent character recognition capability and workflow and can be applied to automate many types of business processes, such as claims processing and accounts payable. It is highly scalable and capacity can easily be ramped up for the deployment of multiple client applications.

In addition, increased business efficiency, standardisation of processes and improved margins are an important opportunity in the BPO division, as we are still uncovering synergy benefits from the HPA acquisition from several years back.

The integration of our Victorian operations into a single new facility was the major focus of the first half and remains high on the agenda in the second. We made the decision to maintain a strong focus on client service levels during the integration, hence incurred some unbudgeted operating costs relating to additional labour that will flow into the second half, however we remain on track to achieve net savings of around $1.8 million per annum from the next financial year.

A refresh of BPO’s colour business to install market-leading print technologies will be finalised in the second half and should contribute approximately $2.8 million in annualised gross savings from FY12.

The majority of key contracts were retained during the half, which is especially pleasing given the major site relocation in Victoria and business transformation initiatives underway.

In addition to our business efficiency focus, revenue growth in BPO for the full year also remains a key focus on the back of fluctuating mail volumes and we are seeing improvement in non-mail parts of the business including scanning, e-solutions and workflow.

Lasoo performance slide 29

The acceleration of the Lasoo growth strategy that was announced last year is already delivering returns, with a marked increase in site traffic and revenue over the previous year.

Lasoo received 2.5 million visitors in December, which was up 46% on the same time last year. More than 1.7 million were weekly unique visitors.

More than 73 million page views and 5.6 million offer interactions in December gave Lasoo the number one spot for all Australian shopping sites in the week just after Christmas.

Consumers are also increasingly using Lasoo as a ‘live’ shopping tool when they are out and about, with mobile hits on the rise and almost a third of all interactions involving the store locator function.

Our content also continues to expand at a rapid rate. Content is up six-fold on the same time last year, with up to 370,000 products and offers now featured on the site on any given day.

Lasoo strategy update slide 30

Our recent activities in the Lasoo growth strategy have been focussed on enhancing site functionality and adding new features and content. Following these upgrades, we are ramping up the marketing investment in the second half.

Recent site enhancements include an upgraded iPhone app and new apps for the Windows and Android platforms, all released in December. These are being well-received and have supported the strong growth in consumer visits using mobile devices.

We also developed a number of new features during the half that have just been launched.

We added a new ‘Daily Deals’ page in early January, which consolidates all of the various ‘limited offer’ group buying deals from other online aggregators, providing a new revenue stream for the site.

We will also launch our new fashion portal site this month – called ‘565 Lasoo’ – which includes specific fashion features such as interactive styleboards and retailer brand books. Like Lasoo, this portal directs consumers both into bricks-and-mortar stores or to online stores to buy. We are excited by this opportunity given it will be one of the most significant fashion-specific sites of its kind featuring Australian retailers.

Our main marketing efforts will be ramped up in the second half, however we did undertake a radio promotion in the lead up to Christmas. This was our first media campaign since our early launch period and we were very pleased with the resulting increase in searches for the Lasoo site and the number of searches that translated into active site visits and offer interactions.

Lasoo next steps slide 31

Additional site upgrades and new features will continue to be released in the current half, including enhanced mobile functionality, new specialist portals and a whole range of new interactive consumer elements, such as the ability to post product reviews.

We've put additional resources into the sales team to capture new retail clients and continue to target our existing clients.

Our marketing investments scheduled for the second half will focus on branding, increasing registered user numbers and launching our new products and features.

Digital acquisition update slide 32

I'd now like to give you some additional background on our recent acquisition. We closed the deal late in the day on the Wednesday right before Christmas, so I know a few of you missed the briefing at the time.

The acquisition involved the purchase of four digital and interactive businesses that will both add to our existing services and also bring new capabilities to the group.

The businesses include:

C4 Communication, which is a leading digital platform company, providing innovative web development, online publishing, e-business strategy, e-commerce, retail kiosks and digital mobile marketing services;

Be.Interactive – an interactive and mobile marketing platform services business creating value-added campaigns using SMS, IVR, mobile phone, digital and 1900 premium rate products;

MessageNet, which is a leading business SMS communication technology platform business that supports 50% of the BRW Top 100 companies and also has embedded applications across many business accounting packages supporting many SME businesses; and

Returnity – a leader in email marketing platforms and supporting digital and database services.

There are some really strong cross-selling opportunities in both directions and we've picked up some exciting know-how, talented people and new technologies in the deal.

In line with our 'One Salmat' multi-channel model, we will look to integrate these businesses to drive sales opportunities, increase efficiency and reduce duplication while giving our clients a much broader one-stop shop for their multi-channel solution.

Digital acquisition strategic rationale slide 33

These acquisitions feed directly into our stated strategy to increase the scale of our emerging digital businesses.

The rationale for the acquisition was essentially the ability to acquire a portfolio of platform-based businesses that complement our current digital offering and facilitate the ramp up into the next level of participation in some rapidly expanding markets. The combination of the targets' people, services and capabilities, client base, financial performance and cultural fit made this a compelling opportunity.

The acquisition has made Salmat the absolute leader in providing digital platform services.

Digital acquisition new TMS structure slide 34

The acquired businesses are being merged into our Targeted Media Solutions division, which is where Lasoo and our other digital and interactive services currently sit. What this slide illustrates is where we had existing discrete capabilities (marked in green), where the acquisition has contributed brand new services (in yellow), where we have new services under development (in orange) and where acquired services will complement existing similar capabilities (in blue).

You can see the significant synergies and complementary opportunities supporting the company's decision to undertake these acquisitions.

Digital acquisition financials slide 35

In terms of the financials, the purchase price is $75.3 million, increasing to $91 million should the C4 businesses meet agreed performance targets by 30 June 2011. This represents a purchase multiple of 9.0x on FY11 earnings, reducing to 6.3x post synergies in FY12.

From this, we anticipate around $50 million in annualised gross revenue and $8.4 million in EBITA, not including anticipated synergy benefits following integration of the businesses.

The deal will be EPS accretive in the current financial year after allowing for one-off costs and amortisation, and more than 5% accretive in the next financial year.

In terms of synergy gains, we expect more than $5 million in benefits at the EBITDA level by year three.

Digital acquisition annualised numbers slide 36

This slide just gives you an overview of the recent financial performance and anticipated annualised revenue and EBITDA flowing from the acquired businesses. The grey section at the top of the bar graph for FY11 relates to the earn-out element, which is capped and limited to performance up to 30 June 2011.

In essence, we are building a new operating model for Salmat in the digital space. Rather than being simply the enabler that gets the client message to their customers, we are building a direct to consumer model, where we directly engage consumers via a particular site or via particular content, thus providing retailers with a ready-made audience.

Roamz joint venture slide 37

Fitting right into this strategy is our recently-announced majority investment in Roamz – a new location-based, social media online classifieds site, aggregating content to a very localised audience.

Salmat has entered into a joint venture agreement with Roamz founder Jonathon Barouch, who has previously successfully developed online services including fastflowers.com.au and is CEO for the venture.

Roamz links in with our strategy to participate in the online consumer engagement space and will synch nicely with planned upgrades to the Lasoo site. It is also a service well-suited to our growing SME client base and complements our suite of targeted marketing services for this sector.

For retailers, it enables highly-targeted real time localised marketing to actively engage prospects. For example, a food retailer overstocked with perishable items can go onto the site and advertise a special offer starting right then and there.

We are very excited about the potential for this site, which is due to go live in mid 2011.

Growth strategy slide 39

We remain focussed on our One Salmat strategy to drive organic growth. It's a logical, long-term approach that will continue to evolve as we grow the business. At present, we are naturally focussed on leveraging cross-selling opportunities presented by the newly-acquired businesses but we are also continuing to deepen our sales reach across the group.

In Targeted Media, current growth activities are centred on the digital space, including the new acquisition; our investment in Lasoo; and the development of our new hosted e-commerce solution for Australian retailers.

We are also ready for the next stage of our SME strategy, including the large-scale rollout of our new online portal and we are driving our letterbox and digital sales efforts in this area.

Growth strategy cont. slide 40

In CCS, we are looking to increase the incidence of premium call centre services over lower-margin work to drive long-term growth and improve returns. We are also planning to launch new a technology service that enables us to offer hosted in-the-cloud call centre technology services which we will also adopt to improve our efficiency.

In the BPO division, we are seeking growth through the development of our non-mail services, including e-solutions incorporating imaging-related services such as scanning and digital archives and smart workflow solutions for back-office processing functions. We are also continuing the roll-out of business efficiency initiatives and completing our Victorian site consolidation as well as driving increased mail volumes through the introduction of new colour technology.

Finally, in the acquisition space, we remain on the lookout for additional strategic opportunities that complement our current operations with either extended service capabilities or new related offerings.

Outlook slide 41

Assuming trading conditions remain stable and comparable to the first half, we anticipate remaining on track to meet our underlying EBITA guidance of $92–97 million.

As outlined, there are a number of factors that will impact earnings in the second half:

A focus on maintaining high service levels during the integration has led to short-term increased staffing costs and thus operational inefficiencies within the new Victorian BPO site.

The decision to transition to a new premium service model in CCS will create a six to twelve month lag as commodity work is exited and new contracts in line with our business model are bedded down.

The majority of our increased marketing investment in Lasoo will also be incurred in the second half.

Finally, tougher retail trading conditions as have been widely reported are impacting some of the more discretionary businesses and we do anticipate an overall softer marketplace for our services.

Offsetting these factors are the increased earnings and synergy benefits flowing from the recent acquisition and increased multi-channel sales from the continued rollout of the One Salmat strategy – which will also benefit from the newly-acquired capabilities and client base.

Thank you for your interest today.

We'll now take questions regarding our results and operations. Please state your name and the organisation you represent before asking your question.