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ASX Release

11 August 2011

STW ANNOUNCES HALF YEAR 2011 RESULT

- **6% REVENUE AND NPAT GROWTH**
- **30% INCREASE IN INTERIM DIVIDEND**
- **ANNOUNCES ON-MARKET SHARE BUYBACK**

STW Communications Group Limited ("STW Group" ASX: SGN), Australasia's leading marketing content and communications group, today announced its financial results for the half year ended 30 June 2011.

Key features of the result include:

- **Revenue¹ of \$155.9 million, up 5.8% (2010: \$147.4 million).**
- **Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")¹ of \$32.1 million, up 3.7% (2010: \$30.9 million).**
- **Reported Statutory Net Profit Before Tax ("NPAT") of \$17.2 million, up 5.7% (2010: \$16.3 million).**
- **Earnings per share of 4.81 cents (2010: 4.55 cents), up 5.7%.**
- **Net debt and future earnout payments of \$110.3 million (31 December 2010: \$76.1 million).**
- **Interim dividend of 3.0 cents per share, fully franked, up 30% (2010: 2.3 cents per share, fully franked).**
- **Announces an on-market share buyback of up to 10% of the company's issued share capital.**

STW Group's NPAT for the half year ended 30 June 2011 is comprised as follows:

(\$ millions)	2011	2010	Change
Advertising, Media and Production	13.9	13.6	2.2%
Diversified Marketing & Communications	11.1	10.9	1.9%
STW Group Holding Company	(7.8)	(8.2)	5.5%
Reported NPAT	17.2	16.3	5.7%
Underlying EPS (fully diluted)	4.81 cents	4.55 cents	
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Note 1: STW Group has a direct and indirect ownership interest in over 70 advertising and communication entities. The financial data presented above aggregates, on a percentage basis, STW Group's interest in the revenues, profits and losses of its subsidiaries and associates.

STW's Chief Executive Officer, Michael Connaghan said: "Our first half trading results are solid and we have continued on our growth trajectory in the first half of 2011. Our revenue and profit growth reflects improved performance across all our communications disciplines. We have achieved an increase in revenue and profit despite the impact of a number of events, well beyond our control, that have had a negative impact on our clients and, as a result, on us."

"Earnings growth in the first half of the year has been driven almost entirely by organic growth. We continue to remain focused on extracting maximum value from our existing portfolio of companies. In the second half of the year, we are working towards announcing the acquisition of some quality companies to join the Group and enhance our leadership position in digital and grow our revenue in Southeast Asia."

"We have maintained a high level of investment in training and continued investment in unlocking new revenue streams through new business start-ups. The spirit of collaboration across the Group has never been stronger and real synergies and growth are being realised."

2011 Outlook

Mr Connaghan said: "Despite the unforeseen hurdles we have experienced in the first half and the state of the macro economy, we are trading strongly and our revenues are growing. Our balance sheet is strong, so we continue to explore expansion opportunities in opening new revenue streams and new markets."

"STW's guidance for 2011 remains unchanged. Based on what we know today and the current trading conditions, we believe we are on track to achieve NPAT growth of between 5% and 10% for the full year ended 31 December 2011."

Cash, Gross Debt & Facilities

As at 30 June 2011, STW's cash and gross debt balances were \$26.5 million (31 December 2010: \$43.8 million) and \$115.0 million (31 December 2010: \$77.3 million) respectively.

Lukas Aviani, STW's Chief Financial Officer said: "As anticipated, the first half of 2011 has seen a significant increase in the settlement of earnout liabilities with \$31.8 million worth of payments made in the period. This, coupled with a winding back of the Group's working capital position, sees STW's net drawn debt position increase to \$88.5 million at 30 June 2011. Despite the increase in net debt, STW's balance sheet and capital position remain extremely robust."

"STW has total estimated earnout liabilities on balance sheet of \$21.8 million as at 30 June 2011 (31 December 2010: \$42.6 million). We remain comfortable with our capacity to service our remaining earnout liabilities given their significantly reduced quantum and payment caps in place. Earnout liabilities will be funded through a strong balance sheet, existing debt facilities and free cashflow."

STW has access to debt facilities totaling \$173.5 million (of which \$115.0 million is drawn). A total of \$170.0 million of these facilities mature in January 2014."

On-Market Share Buyback

STW today announces an on-market share buy-back of up to 10% of the Company's issued share capital.

The STW Board has taken the decision to pre-empt the capital management announcement planned for February 2012. Recent share price volatility presents a very attractive buying opportunity and is an earnings per share accretive use of the Group's financial capacity.

The on-market share buy-back will be undertaken in accordance with the ASX Listing Rules.

Dividend

The Directors of STW Communications Group declared a fully franked interim dividend of 3.0 cents per share up 30% (2010: 2.3 cents per share). The interim dividend represents a payout ratio of 64.0% of underlying profit, in line with the target payout ratio we advised in May this year of between 60% to 70% of underlying profit.

The interim dividend will be paid on 9 September 2011 to shareholders registered at 26 August 2011.

Results Presentation

The STW Group's half year 2011 results presentation will take place at a public briefing at the Press Room at Sofitel Wentworth, 61-101 Phillip Street, Sydney on Thursday 11th August 2011 at 9:00am AEST. The presentation will also be broadcast live on Boardroom Radio; brr.com.au.

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