



Macquarie Investor Presentation

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DISCLAIMER

Company announcements and presentations can contain forward-looking statements. Words such as “believe”, “anticipate”, “plan”, “expect”, “intend”, “target”, “estimate”, “project”, “predict”, “forecast”, “guideline”, “should”, “aim” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include but are not limited to: competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with, and possible changes in, environmental and health and safety laws; dependence on cyclical markets; the supply and cost of materials; exposure to environmental or other legal proceedings; and risks of conducting business internationally. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.

GUIDANCE AND MARKET CONDITIONS

Guidance

- Reaffirm our guidance for FY12 of underlying EBITA* of \$78 – \$83m, despite continued challenging market conditions

Market Conditions

- Market conditions characterised by weak consumer confidence impacting client expenditures, combined with continued structural change driven by growth of digital communication
- Salmat's leading market positions, client relationships and multi-channel strategy demonstrate resilience of the business
- Progress with new business initiatives and developing digital services offer, being restrained by current market conditions
- Digital transformation strategy clearly strengthening long term growth prospects

* Before significant items

Australia's leading omni-channel communications provider

we help our clients:

Acquire →
Retain →
Grow →
Customers

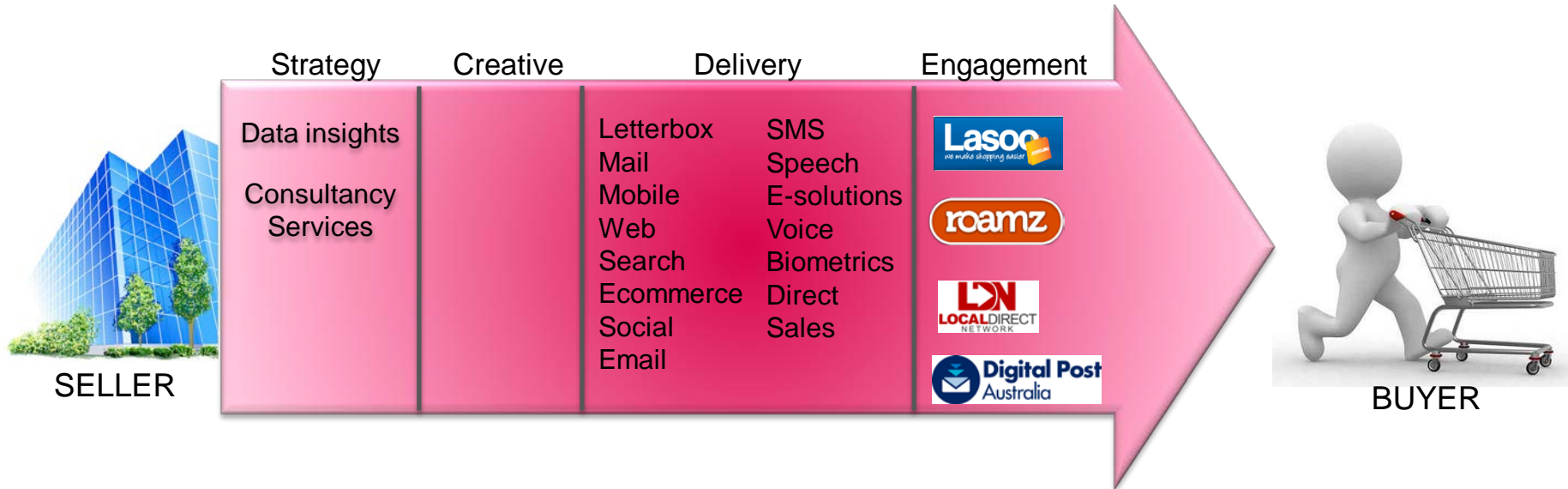
&

Maximise their
ROC
Return on Communication

by

Channel selection
Channel delivery
Channel management
Channel integration
Channel optimisation

OUR CAPABILITY IN THE COMMUNICATION VALUE CHAIN



STRATEGY

**digital
growth**

*Build out
technology
services across
the group*

**one
salmat**

*Leverage existing
client base - cross
sell & up sell*

**new
markets**

*Extend current
services into
new markets*

optimise

Margin improvement

DIGITAL TRANSFORMATION

- Growing technology platform based services revenues over traditional labour based services
- Services via Technology platforms will allow greater scalability and higher margins

Current initiatives:

BPO

- E-Solutions
 - Email, Scanning & imaging
- Digital Post Australia

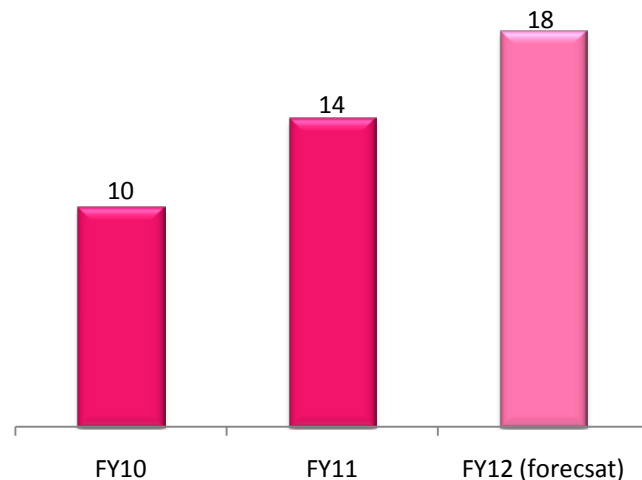
TMS

- Salmat Digital
- Lasoo
- Roamz
- LDN

CCS

- New multichannel communication technology
- Speech solutions
- eLearning

Growth of Digital Services - % of group rev



Progress

- Focus now on building a scalable digital business
- Senior leadership team and organisational structure in place

Challenges

- Scalable technology platforms
- Market immature and highly fragmented

Opportunities

- High growth market, Salmat low share
- Channel convergence favouring multi-channel providers

Lasoo Update

- Visits continue to grow - Lasoo page views +30.4% YTD
- Appointed new Lasoo MD with a strong commercial and digital background
- Vacancy remains to secure outright market leadership position

Roamz Update

- Building a unique, highly localised, advertising channel
- 120K+ Downloads and growing, multi-lingual and Android versions being released

CASE STUDY – TED'S CAMERAS

CASE STUDY

Teds Cameras

Transaction driving communication



Salmat's contribution:

- Keyword Research & Analysis
- Design & creative
- Built one central database to combine transaction and customer data
- Built web form for Ted's Sales Staff to register and search for members at POS
- Segmented Welcome Emails
- Dynamic Content communications
- Trigger based communications
- Reporting
- Brand Strategy
- Product Development
- Brand Identity Development

The Objective:

To improve member experience, a central repository needed to be created for the ClubTed loyalty program to house both transaction information and customer information

The Key Results:

Ted's Cameras have included measurable POS registration in their acquisition process, drastically increasing registration volumes and linking purchase data for future customised communication. Ted's take ownership and add value to every customer relationship through an initial welcome email delivering immediate member benefit and on-going personalized communication.

In an average month x% of new members respond to the \$10 voucher in the welcome email sent to all new Teds club members.

Engagement in welcome emails can be as high as 80% in some clients and provides the opportunity to set the standard and expectations for the relationship. Giving something small back to customers at the start of the relationship, not only promotes loyalty, but generates profit making the exchange cost neutral.

We built Ted's Cameras one database that combines both customer and transaction data for their entire Club Ted loyalty program.

CASE STUDY – TV VOTING

THE CAMPAIGNS :

Salmat has managed viewer interactivity and voting campaigns for a wide range of TV shows:

The Voice, The X Factor, Australia's Got Talent, Australian Idol, Big Brother, So You Think You Can Dance, Australia's Next Top Model

For production companies (FremantleMedia, Endemol Southern Star, Shine 360) and TV networks (7, Fox8 and TEN)

Salmat configures vote campaigns by SMS, IVR (phonelines), Facebook, web and mobile

Salmat's robust vote engine has handled high volume and peak traffic and supplies real-time integrated vote stats to the TV show's Production teams.

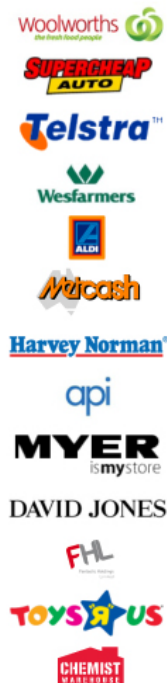


ONE SALMAT

BANKING



RETAIL



FINANCIAL SERVICES



UTILITIES & TELCO



TRANSPORT, TRAVEL & HOSPITALITY



MEDIA SERVICES



GOVT



Results

- 75% more likely to win an opportunity if already a client
- 1 in 3 current sales opportunities span business units – up 70% on prior year
- Multichannel sales up from 40% of wins in 1H11 to 52% in 1H12
- No single contract greater than 6% of revenue

NEW MARKETS

Small to Medium Enterprises (SME)

- Over 2 million SME's in Australia

Local Direct Network (LDN) Portal

www.LDN.net.au

- World first, self service, unaddressed mail portal - integrated with Google maps providing highly targeted local marketing solution
- Developing into a one stop campaign management service for SME businesses

Message Net

- Currently sending in excess of 4M SMS messages per month for SME businesses

Results

- SME H1 EBITA up more than 20% on pcp
- Run rate 300m catalogues per annum, target is 1 billion in 3-5 years



Catalogue business is a highly resilient market leader

- Volumes are +4.0% YTD
- Margin has stabilised at H1 levels
- Continued strong volumes in Tier One retailers but Tier Two and Tier Three remain soft, reflecting difficult environment for discretionary spending
- Rolling out “Direct Media” strategy to expand market, including:
 - Non traditional retailers and FMCG customers
 - Small to medium enterprise
 - Creative and Media Buying agencies

BUSINESS PROCESS OUTSOURCING

- Number 1 BPO operator in the Australian market
- Handles 60% of all essential mail lodged with Australia Post
- Core business resilient – especially activities driving customer cash flow (e.g. Bills)
- Salmat Essential Mail pack volumes are flat YTD
- Higher margin E-solutions earnings up (+20% H1 2012)
- Digital Post – joint venture with Computershare and Zumbox
 - New communication channel, supports multi-channel strategy
 - Provide consumers with a secure online mailbox for essential communication (Bills, Statements, Tax Receipts)
 - Opportunity to capture postal income
 - Launch in H2 calendar 2012



CUSTOMER CONTACT CENTRE

- Call centres
 - Solid pipeline underpinning growth prospects, however current environment is delaying decisions
 - Investment in cutting edge multi channel technology platform (Avaya) – will create new revenue streams and greater efficiency from FY13/14
 - Establish “Agent of the future” – simultaneously handle phone, email, social, web enquiries
 - Call centre offering aligns closely with digital strategy
- Speech performance on the improve - divested non-performing UK & USA operations, refocused team and product offering
- Direct sales channel continues to be impacted by discretionary spending environment

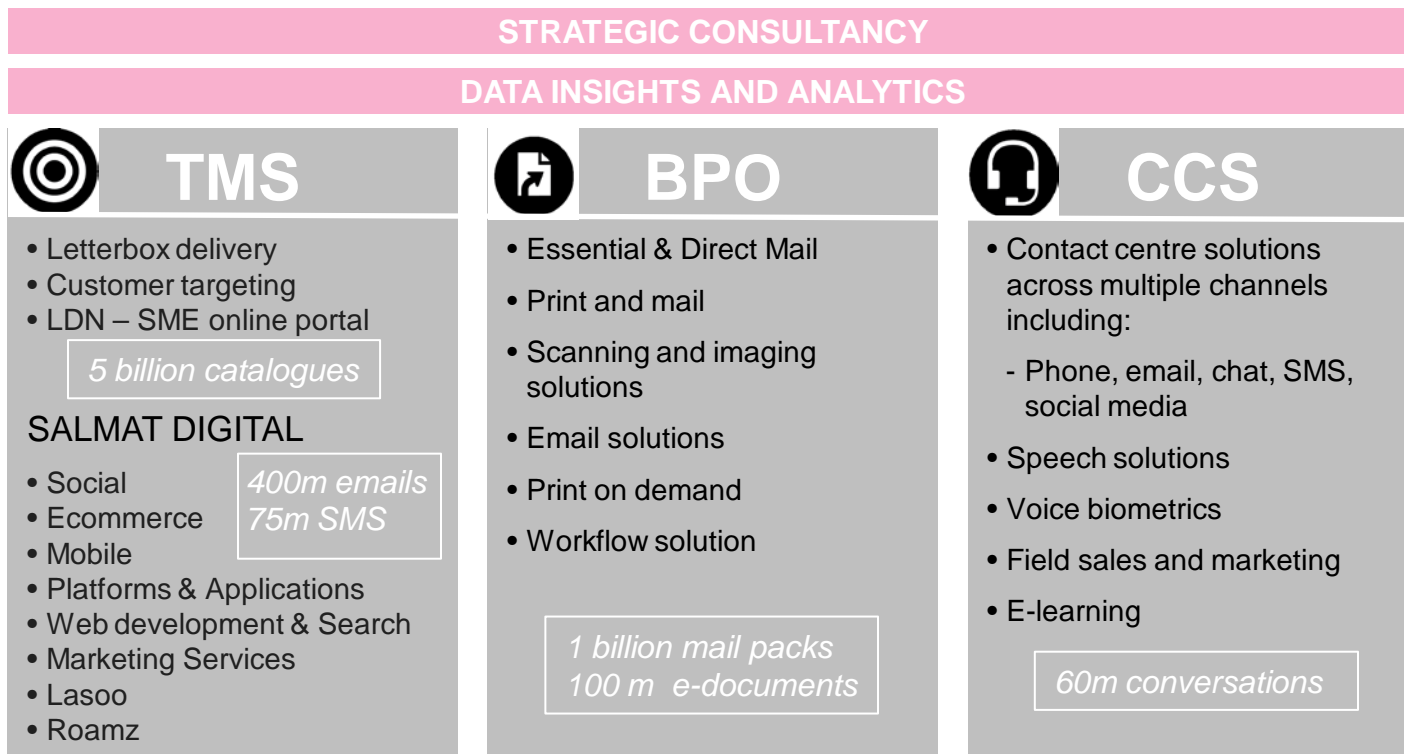
SUMMARY

- Positioning Salmat to be Australia's leading omni-channel communication provider
- Model ideally positioned to capture rapidly changing world of communication
- Clients need to establish multiple touch points with customers in their communication strategy
- The traditional business is strong
 - Leading market positions
 - High barriers to entry in major markets
 - Highly cash generative
- Strategic investments, some ahead of the curve, have established a solid platform from which to grow scalable digital revenue
- Economic cycle not helpful, however performance reflects resilience and now well positioned for up turn
- Reaffirm our guidance for FY12 of underlining EBITA* of \$78 – \$83m, despite continued challenging market conditions

* Before significant items

APPENDIX - OPERATIONS

Channels



APPENDIX - FINANCIALS

H1 2012 Contribution					
	TMS \$m	BPO \$m	CCS \$m	Corporate \$m	Total \$m
Revenue	142.5	158.6	121.3		422.4
Underlying EBITA*	18.7	21.5	5.7	(7.9)	38.0
Margin	13.1%	13.6%	4.7%		

* Underlying EBITA is before significant negative items of \$1.1m (\$0.8m after tax) for H1 FY12. These figures are as set out in Salmat's reviewed financial statements for period ending 31 December 2011