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18 May 2012

The Manager  
Company Announcement Office  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**STW COMMUNICATIONS GROUP LIMITED (SGN) - ANNUAL GENERAL MEETING**

Please find attached the following documents that will be presented at the Annual General Meeting of STW Communications Group Limited which commences at 9:30am on Friday, 18 May 2012 in compliance with Listing Rule 3.13.3:

1. Copy of the Chairman's Address; and
2. Copy of the Chief Executive Officers Address.

Yours Faithfully

**Chris Rollinson**  
Company Secretary  
STW Communications Group Limited

## **Chairman's Address – STW Annual General Meeting, 18 May 2012**

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It is my intention to be relatively brief today in my formal address to allow you to hear from your Chief Executive Officer, Mike Connaghan so that he can then get back to what he does best, which is driving STW hard to deliver great results for our clients and market leading returns for our shareholders.

By way of introduction, let me say that your board is comfortable with the strategic direction and financial condition of your company. There are still plenty of exciting growth opportunities in front of us and your management team is working hard to ensure we are positioned to capture this potential.

We recognise that there are many challenges that lie ahead of us as we navigate the impact of world and domestic economic conditions. It appears that confidence in the Australian economic outlook is waning despite the benefit that we enjoy from a land endowed with fabulous natural resources. Unfortunately, rising utility prices, the omnipresent threat of global economic turmoil, the structural change that the internet is driving across many businesses and the, at times, comical Australian political landscape are all impacting the confidence of Australian consumers and the commitment of companies to spend on marketing and communications.

We have often said that we are not a media company and the results that we delivered in 2011 and the commentary that we provide today about our outlook should reinforce that message. The world in which we operate and the manner in which our clients need to communicate with their target customers, is changing very, very quickly. In this context, STW needs to remain a nimble and service oriented organization with a complete skill set to capture our clients spend through whatever channels best serve their needs. We believe that the breadth and scale of STW means that we are better positioned than any of our competitors to provide a complete service offering to our clients.

As recorded in the Annual Report, in 2011 STW delivered:

- a 6.1% increase in proportional revenue;
- a 6.8% increase in underlying net profit; and
- a 23.1% increase in the full year dividend.

These were very solid results in the context of difficult economic conditions and importantly a continued investment in building the foundations of STW for future growth. In this regard, during 2011 we invested in building out and starting eight new businesses. All these initiatives were fully expensed but the anticipated profits from those ventures will not be evident until future years. It is somewhat incongruous that if we build a business ourselves using our own resources that the up front expense and management time incurred in doing this has a direct impact on our current year profit but, if we write a cheque to buy a business from an external party, the expense is capitalised and has no

impact on our profit. Despite the short term impact on our profit & loss statement we will continue to invest in strategically attractive start up businesses.

Mike will discuss in more detail some of the exciting steps we have taken in investing in South East Asia. Expansion into this region not only affords us the opportunity to leverage our home grown skills and capabilities, but also to provide exciting opportunities for up and coming executives to work offshore and to find new ways to deliver solutions at a lower cost back into our clients based in Australia. It is a region that is not without risks but our steps are measured and are of a scale that is appropriate. We have high expectations for these initiatives.

By the nature of our business, STW does not have a simple corporate structure and we operate in an industry where there are limited external benchmarks about the financial health of our industry. As such, we again feel that we should provide some guidance to our shareholders and the market about our forward outlook. The provision of guidance is an issue that many companies shy away from. However today Mike will confirm that we have no basis to change the outlook provided in February of this year. We reiterate that it is still very early in our financial year and it is a choppy and uncertain environment but we are equally encouraged by many of the signs we are seeing within our businesses and the strengthening pipeline of strategically attractive acquisition opportunities. We believe that across the group we are in a much stronger and fitter shape to take on the challenges of a potentially deteriorating economy than perhaps was the case in 2009.

Over the last 18 months we have spoken about the potential for unlocking further value through capital management initiatives. The increase in full year dividend was a small step in that direction as well as a statement about our confidence in the future of STW. Rest assured that capital management and unlocking the value of the surplus franking credits is still a subject that is constantly on the radar. The optimal path is always a question of balance between immediate returns to shareholders and ensuring that we maintain a balance sheet that can both withstand the risks of any deterioration in economic conditions or reductions in the availability of capital as well as enabling us to quickly take advantage of attractive acquisition opportunities. If we need to be accused of being conservative because of our caution in not doing anything too aggressively or too quickly in relation to capital management, then we are happily guilty. But rest assured we continue to evaluate all opportunities and avenues to deliver growth and returns to our shareholders.

I would like to publicly acknowledge the efforts of not only Mike Connaghan, Chris Savage and Lukas Aviani our three most senior executives at a group level but also the extraordinary efforts and contributions of our entire employee base across the group. As shareholders you should feel comfortable that you have a management team and a board that has a clear vision to make STW:

- the best place to work in our industry;
- the organization most capable of delivering outstanding work and results for our clients; and
- deliver superior returns for you, our shareholders.

**To Mike, Chris and Lukas; to all our employees; and to my fellow directors, - well done and thank you.**

**Chief Executive Officer's Address**  
**STW Annual General Meeting, 18 May 2012**

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# STW GROUP

Australasia's Leading Marketing Content and Communications Company



## ANNUAL GENERAL MEETING

18 May 2012





**IDEAS  
CREATE  
GROWTH**



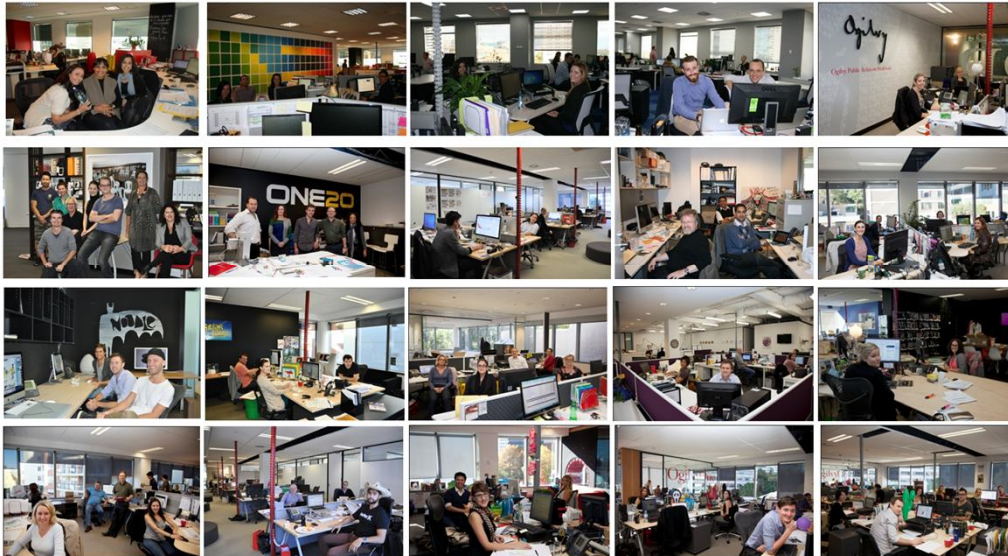
stw group

Good morning all and welcome.

Again, it's fantastic to welcome you here to our St. Leonards campus.



## ST LEONARDS CAMPUS SYDNEY & ST KILDA RD CAMPUS MELBOURNE



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No fewer than 27 of our companies now call Christie St home and we have about 700 people working out of here. Very soon we should have found a similar home for many of our businesses on the other side of the bridge in Sydney.

In Melbourne, consolidation of properties continue apace at our St. Kilda Rd campus where a dozen companies now enjoy the benefit of one location. I mention this in particular because our connectedness is a key reason that we continue to dominate our markets and creates value for all stakeholders.

I said in my address at our full year results presentation that trading conditions were very tough in 2011 and will continue to be so in 2012. I also said that the economy and what happens in Europe or elsewhere are out of our control, and that yes 2011 was tough but we did prevail and we did grow. This is in no small part due to the spirit we have built at STW. Today we are more connected, more co-operative, more active in thinking about our Group brothers and sisters than ever. The results for our clients, our companies and our people are there for everyone to see.

In 2012 we are very confident that our growth will continue.

## STW LEADERSHIP DAY FEB 2012



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I mentioned in the most recent annual report, our Leadership Day, held at NIDA in Sydney, in February of this year.

400 of our top people from across the STW Group of companies from around the world came together for a day of sharing, learning and celebration.

It was a fantastic day.

# THE FEEDBACK

stw group  
✱

The feedback we had was incredible.

Only a Group such as STW could pull it off. We had an ex-Prime Minister the daughter of a fallen colleague, a record breaking Football coach, Innovation leaders, legendary international business builders, world renowned trainers, a bunch of our youngest and brightest up and coming super stars, media owners and proprietors and our own senior business leaders speaking throughout the day.

The team we brought along were blown away by the effort, the values, the capability of the group.

world class

simply blown away about what a great move they had made joining STW.

outstanding – thought provoking, enlightening, stimulating, challenging and engaging.

There was just so much wisdom and useful information to take in.

It put all equivalent days I've attended through other networks to shame – and like you, I've been to a lot!

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Made me feel proud to be part of STW.

Buzz was incredible, and deals were being done all over.

informed, stimulated, challenged and unquestionably, believing they are part of a world class organisation.

most professional and stimulating

collective buy into the STW vision.

Love your work!

I was impressed with the quality and sheer volume of superb speakers and how smoothly the day ran.

# SEE FOR YOURSELVES

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I'd like to play you a quick video of the event as while it's impossible to give you the full story, hopefully this will go some way to doing so.

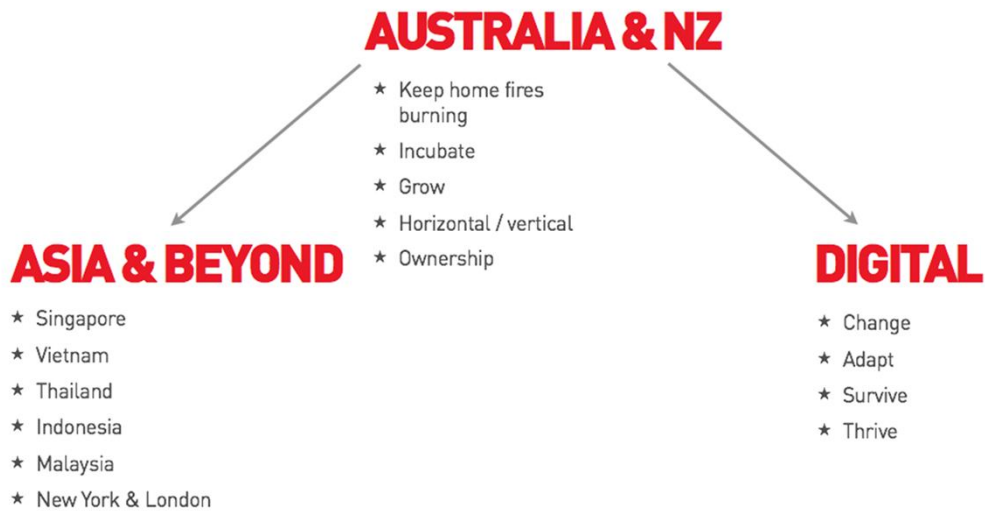
For those viewing the webcast via Boardroom Radio you can play this content using the link on the webcast.

[DVD to be played]

Great vibe, great content, great day. Just great. Makes me feel very proud of the Group.



# OUR STRATEGY



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We have been busy again driving our strategy. Just to remind you a three pronged focus on ensuring we win today but are fit for tomorrow.

We must remain dominant in our home markets of Australia and New Zealand. We will continue our investment in Digital at all levels so we stay one step ahead of our competition and can offer clients world class Digital solutions and thirdly we need to establish ourselves in the high growth markets of South East Asia.

## INCUBATED BUSINESSES



bohemia



**barton / deakin**  
Government Relations

Ogilvy**Action**

**Houston.**

 **alpha**salmon

hatch\_

**fabric**

**stw group**  
\*

We will always call Australia and New Zealand home. We continue our dominance here and we are very pleased with our continued growth. Home is where most of our incubation will take place and over the last year we have incubated 7 new businesses.

Bohemia – Digital strategy

Houston – Strategic consulting

DT Digital (Sydney) - Digital

Barton Deakin (Queensland) – Government Relations

OgilvyAction (Sydney) - Activation

Fabric - Design

Hatch – Content Development

And then a very exciting development, Alpha Salmon, one of our very successful Sydney based Digital companies, opened up offices in both Jakarta and Singapore.

We are very determined to continue to innovate and back great ideas and entrepreneurs with the drive to create something new. These businesses we believe will grow into being a significant part of the STW story and our future growth.



## S.E. ASIA WHAT WE HAVE TODAY

**Edge:** Vietnam & Thailand

**edge**

**Alpha Salmon:** Jakarta & Singapore

**alpha salmon**

**Bullseye:** Bali

**bullseye**

**Buchanan Group:** Kuala Lumpur

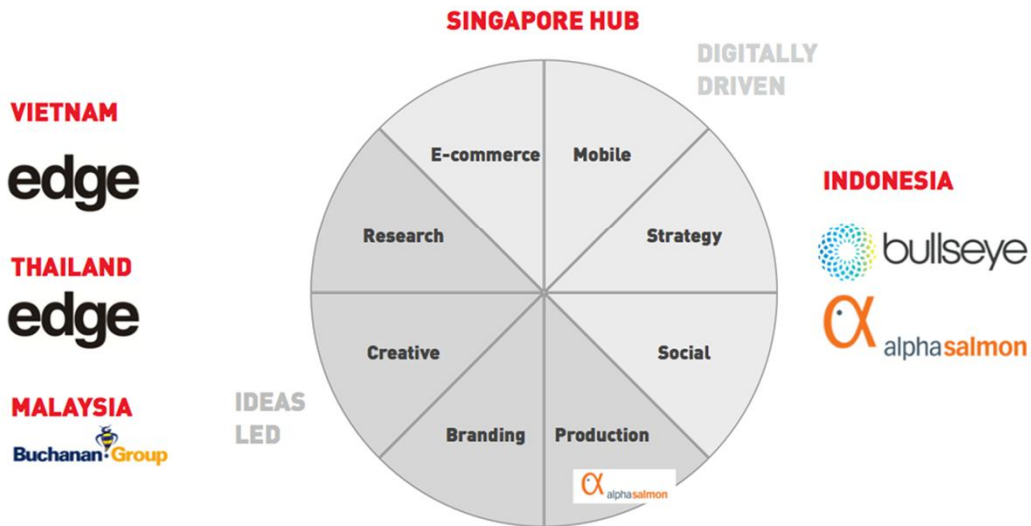
**Buchanan Group**

**stw group**

In Asia we are off to a solid start. Not only have we found some excellent companies to bring into the group but we are actively beginning to export our people into the region.

Our welcome in South East Asia has been wonderful. Seen as a 'local' independent company driving for growth and shared outcomes we are seen as a breath of fresh air and we are thriving.

# S.E. ASIA GROWTH PLAN



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Without going too deeply into our strategy, it is our intention to establish a mini-network in South East Asia. Digitally led with a hub in Singapore, we want small strong local businesses established in the important markets of South East Asia where we can then land our own capabilities and IP alongside the local businesses, thus helping their growth and providing them much needed skills to widen their client relationship and provide incremental revenue growth to our own companies.

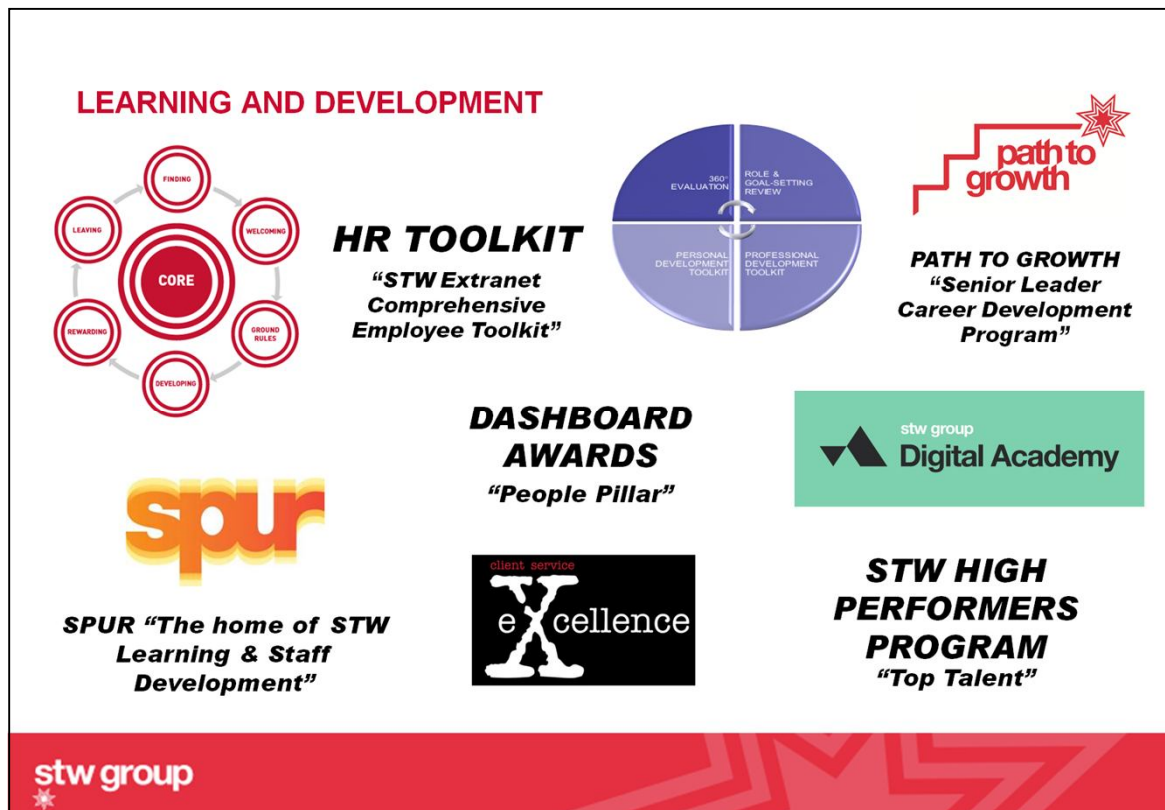
## STW GROUP: DIVERSE AND GROWING DIGITAL PORTFOLIO

Digital agency	Media agency	Technology Specialists	Digital department	Agency with integrated digital		Design with digital
DTDigital	Ikon	Massive	The Brand Agency	Moon	Spinach	Designworks
The White Agency	Mindshare	BrightHost	JWT	Junior	Jamshop	Cornwell
Bullseye*	Maxys	Taguchi	Ogilvy NZ	Enigma*	IM Advertising	
DTDigital Sydney*	Neof@Ogilvy	Adcast	Ogilvy 360 DI	Edge Marketing*	Assignment	
Alpha Salmon	Haines			Shift	Lawrence	
Tongue	Bohemia*					
TCO						

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Digital remains a dominant theme for us.

This year between 25 and 30% of all media dollars will be spent online. Add to this the growing influence of social media and the huge growth of owned and earned media, it is a dynamic ever changing and exciting area of growth for STW. We have world class specialist Digital and Technology companies and now pretty much every STW company has some Digital capability within, and if they don't, we certainly have the expertise close at hand to assist.



When we talk about the spirit and the greater collaboration across our group, our training is absolutely fundamental to a lot of our success.

We have people who work for us who have come from other Groups, International competitors and client organisations. They all say that the STW SPUR program is superior to anything they have experienced previously.

## LEARNING AND DEVELOPMENT

*"Exceeded expectations. It was a really great session, and opened our eyes to what is possible. Made everything seem simple, easy, and still impressive. Have to attend the STW DA. Great guys and led the session really well."*

*Great to have different skill sets of the facilitators in the room – created different perspectives and areas of content. Key learning for me is really understanding and assessing what makes good digital and not just considering it as another channel.*

*The program was spot on. Just enough information to get the taste buds going to continue with the modules. The DT guys were fantastic – they didn't frighten us with too much technology and kept the language simple. It was extremely interactive and heaps of fun. Definitely initiated some interesting conversation/debates. Also glad that we're doing the entire 9 modules."*

*Brilliant presenters... interesting content, great conversations and interaction with group – a really enjoyable day!*

*"The guys were fantastic yesterday, I can't wait to take on the next module. young, smart, energetic, entertaining, relaxed and interactive. My key learning sat at the macro level – it highlighted to me the desire to place digital thinking at the very front end of the Moon offer and to hire guys like the guys presenting! The information was simple, practical and interactive, but it was not so simple as to not come away with significant knowledge from the day. I know everyone came away excited about the possibilities of digital and how we can implement digital thinking on a daily level. The course was perfectly pitched, possibly the best STW session I've been to."*

stw group  
**Digital Academy**

stw group

To give you a flavor of some of what we have cooking, I thought I'd highlight a couple;

Our Digital Academy is leveraging our very best thinkers from across the Group. Not only is the content world class, our ability to harness our own talent means we provide great value while keeping cost to a bare minimum.

**LEARNING AND DEVELOPMENT**

*"The best thing for me about the program is being able to connect and network with others within in STW group. I've gained from a wide spectrum of learning - from brainstorming techniques to meditation techniques."*

*"The high performers program has been a real experience for me. It's really rare to see much in it's younger staff, let alone one that is so incredibly well organised and thoughtfully structured. I've been blown away by the calibre of the speakers, the challenges of the programme and the inspiring support and friendships from fellow participants."*

*Two words – bloody sensational! It's not often a company injects that much time and money into training its future leaders. Not only did I forge some strong friendships with some very talented people but I also have contacts across the STW group board. Great content – awesome people – brilliant time. Thank you again for the opportunity."*

*"The calibre of presenters, the content covered and the professional and personal development I have experienced over the last 12 months has been invaluable. It has made me realise that I am an STW employee through and through and I will continually strive to repay the investment. The program was outstanding and it meant the world to me to be part of it."*

*When I joined the programme I was excited about the existing opportunities within STW, 12 months later it's about - the potential opportunities that one can create within the group. You come away with a network of peers, and get the feeling any deals possible, as there's such a breadth of skills and capability to tap into."*

*I feel privileged to have been part of such a talented group of people. The content of the 8 days was interesting, thought provoking and inspiring and I have taken so much away that I can use in my life both professionally and personally. Coming from a small agency it's great to feel like part of a bigger 'family' in the STW Group and to have met some great people!"*

**STW HIGH PERFORMERS PROGRAM**  
**"Top Talent"**

**stw group**

Secondly, our High Performance program;

The High Performance program is designed for our next generation of leaders. Each company can nominate a candidate as a future leader. We take the Group four times a year for a two day retreat.

We hire in world class external sources but importantly, it is a chance for some of our own leadership to spend time with the next generation, talking and learning about management and leadership. I must say, these retreats are a highlight of my year, where I'm overwhelmed by the enthusiasm and the brilliant talent we have for our future.

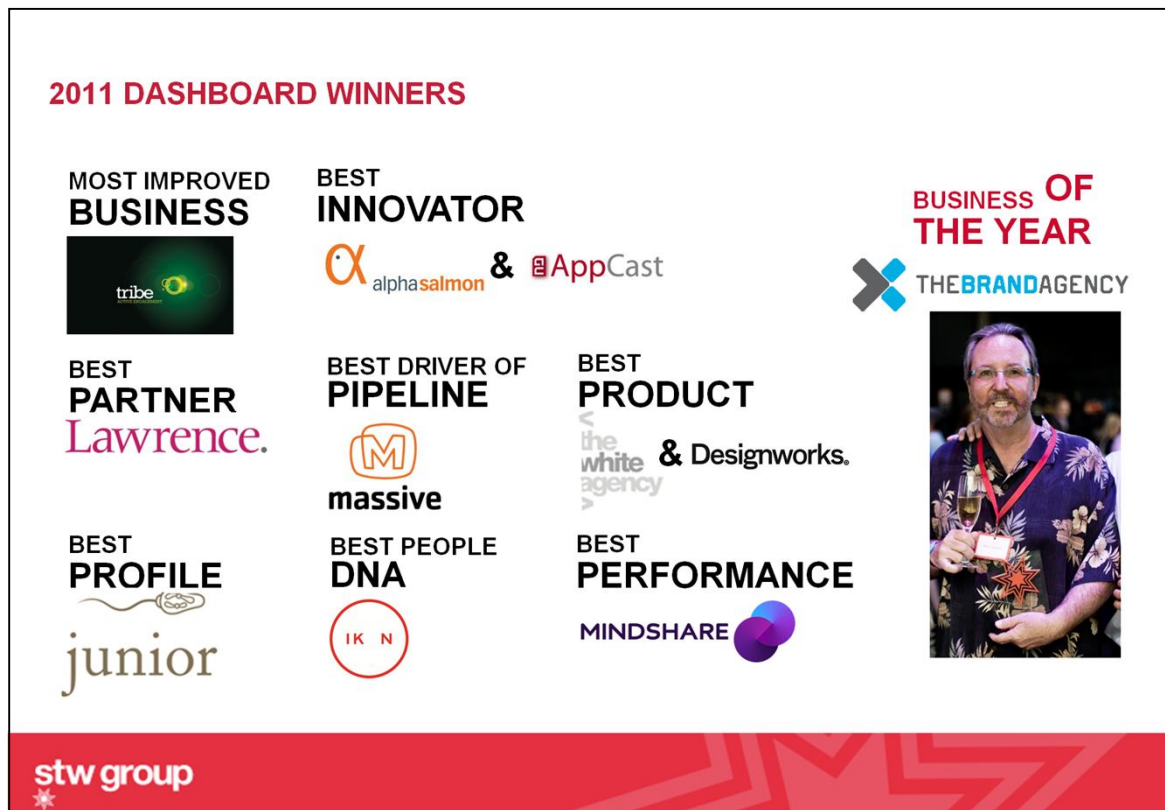


## DASHBOARD WINNERS 2011



It would be remiss of me not to single out those companies who were successful in the 2011 Dashboard awards.

To refresh you, the Dashboard is our proprietary tool that helps us and our businesses build their plans and set their future direction for growth. We take them very seriously as do all the companies. On the video earlier you saw the proud winners from 2011 on stage - there they are again!



In 2011 the winners of each of the awards were as follows:-

Most Improved Business – our activation business, Tribe

Best Partner – strategic consultancy, Lawrence Creative

Best Profile – Brisbane Ad Agency, Junior

Best Innovator – Digital businesses Alpha Salmon and AppCast

Best Driver of Pipeline – Digital specialising in IPTV, Massive

Best People DNA – Media business, IKON

Best Product – Digital business, The White Agency & Design agency, Designworks

Best Performance – Media business, Mindshare

And then the ultimate accolade, Business of the Year went to Ken James and The Brand Agency

The Brand Agency is an un-sung hero of the Australian advertising scene with offices in Perth, Melbourne, Auckland and Sydney. They are continually one of our best performing agencies, one of the best agencies Australia has ever produced. In 2011 they won handsomely.

And if the way they have started 2012 is any gauge, they will be a serious contender again.





So finally, thank you all for your support and attendance today.

Trading conditions in the Australian and New Zealand economies are very challenging, certainly even more challenging than we believed they would be in February. It is still early in our year, and our first quarter is traditionally our smallest. That said, we have just been through our first extensive reforecasting exercise with all of our businesses. Some businesses are under pressure but on the flip side many are trading well above market. Assuming the economy does not deteriorate any further and assuming the historical phasing of revenue is normal, we believe that mid-single digit NPAT growth is still achievable. We are also confident that we will complete some pending acquisitions which will certainly help to underpin our growth and may improve the result further.

Thanks very much and I'll hand you back to the Chairman.