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ASX Release

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STW ANNOUNCES HALF YEAR 2012 RESULT

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 2012.

Key features of the result include:

- Revenue¹ of \$163.2 million, up 4.7% (30 June 2011: \$155.9 million).
- Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")¹ of \$33.4 million, up 4.0% (30 June 2011: \$32.1 million).
- Net Profit After Tax ("NPAT")² of \$18.0 million, up 4.7% (30 June 2011: \$17.2 million).
- Earnings per share² of 5.05 cents, up 5% (30 June 2011: 4.81 cents).
- Net debt and future earnout payments of \$136.7 million (31 December 2011: \$106.6 million).
- Strong cash flow generation with EBITDA conversion of 103%.
- Additional banking facilities of \$50 million signed in July 2012.
- Interim dividend of 3.3 cents per share, fully franked, up 10.0% (2011: 3.0 cents per share, fully franked).

STW Group's NPAT for the half year ended 30 June 2012 is comprised as follows:

(\$ millions)	2012	2011	Change
Revenue	163.2	155.9	4.7%
EBITDA	33.4	32.1	4.0%
Margin	21%	21%	(0.1%)
EBIT	29.4	28.8	2.9%
Reported and Underlying NPAT	18.0	17.2	4.7%
Reported EPS (fully diluted)	5.05 cents	4.81 cents	5.0%

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.

Note 2: Underlying NPAT and Underlying EPS excludes one-off losses on sale of businesses and amortisation.

STW's Chief Executive Officer, Michael Connaghan said: "Our half year trading results are pleasing in the face of tough economic conditions. We have continued to grow revenues and profits in the first half of the year. The profit growth is all driven by organic market share gains."

"As advised to the market previously, STW has a three pillared strategic growth focus; to drive growth out of our leadership positions in Australia and New Zealand; to continue to grow and dominate in digital; and to selectively and carefully export our footprint into new markets in Asia. During the first half of 2012, we have continued to make steady progress on these strategic goals."

"We have invested in quality businesses during 2012, completing the acquisition of Buchanan Group, a market leading advertorial operator with offices in Australia, Kuala Lumpur, London and Canada and Yellow Edge, a training and facilitation agency which operates out of the ACT, New South Wales, Queensland, Victoria and New Zealand. During the period, Cannings Communications invested in public and investor relations firm, Purple Communications, based in Perth, a transaction that created a national financial communications network."

"We have continued to invest in new revenue streams and to incubate new business start-ups, with four new entities commencing operations during the half year. Very pleasingly our specialist digital businesses continue to lead and win. Our large traditional businesses in advertising and media have evolved ahead of the structural shift and are ideally positioned for further market share gains."

"Our investment in training our people through our in house training facility, SPUR continues apace. Our training programs provide a foundation for STW to be a collaborative and unified marketing and communications group. We see our culture as a key differentiator and the collaboration and trust engendered between our companies and people pay dividends for all stakeholders, but most importantly, our clients."

"STW continues to expand into the emerging economies of south East Asia. We have approached this offshore expansion with measured caution but are genuinely excited about the opportunity that it affords STW to leverage our capabilities into these high growth regions."

2012 Outlook

"STW's market guidance for 2012 remains unchanged based on prevailing market and economic trading conditions. We anticipate underlying NPAT growth of mid-single digits for the full year ended 31 December 2012."

Cash, Gross Debt & Facilities

As at 30 June 2012, STW's cash and gross debt balances were \$29.3 million (31 December 2011: \$27.1 million) and \$136.9 million (31 December 2011: \$111.9 million) respectively.

Lukas Aviani, STW's Chief Financial Officer said: "Operating cash flow for the first half of the year was strong, the payment for new acquisitions sees STW's net drawn debt position increase to \$107.6 million at 30 June 2012 (31 December 2011: \$84.8 million). Despite the increase in net debt, STW's balance sheet and capital position remains in good health."

“STW has total estimated earnout liabilities on balance sheet of \$29.1 million as at 30 June 2012 (31 December 2011: \$21.9 million). We remain comfortable with our capacity to service our remaining earnout liabilities given their quantum and payment caps in place. Earnout liabilities will be funded through a strong balance sheet, existing debt facilities and free cashflow.”

“STW signed extended banking facilities in July 2012, increasing our total debt facilities by \$50 million. STW now has access to debt facilities totaling \$223.5 million (of which \$136.9 million is drawn). The debt facilities are expiring in July 2013 (\$3.5 million), January 2014 (\$85.0 million), January 2015 (\$85.0 million) and July 2015 (\$50.0 million).”

Dividend

The Directors of STW Communications Group declared a fully franked interim dividend of 3.3 cents per share, up 10.0% (2011: 3.0 cents per share).

The final dividend will be paid on 10 September 2012 to shareholders registered at 27 August 2012.

Results Presentation

The STW Group's half year 2012 results presentation will take place at a public briefing at the Adelaide Room, Sofitel Wentworth Sydney, Level 4, 61-101 Phillip Street, Sydney on Thursday 9th August 2012 at 9:00 am AEST. The presentation will also be broadcast live on Boardroom Radio.

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