UNLEASHING CREATIVITY

stw group

IDEAS
CREATE
GROWTH

2014 HALF YEAR RESULTS IN SUMMARY

- Full year organic EPS and NPAT guidance unchanged.
- Post acquisition EPS and NPAT growth of circa 5%.
- Australian economy weak. Media market showing decline. Client spend under pressure.
- New Zealand performing well.
- New business performance behind expectations.
- Market share gains in Digital.
- Strong performance in design and PR.
- Geographic expansion gathering momentum.
- Growing influence in the Shopper Marketing and Data space.
- Diversified business model underpinning performance in strained market.
- Interim dividend of 3.3¢ per share.

30 JUNE 2014 HALF YEAR
GROUP PROFIT AND LOSS – STW SHARE* ($M)

	2014	2013	Change Fav/(Adv)
Revenue	188.3	178.7	5.3%
EBITDA	36.5	35.7	2.2%
EBITDA Margin	19.4%	20.0%	(0.6%)
Underlying NPAT	19.5	19.3	1.0%
Acquisition expenditure written off	(0.5)	(0.6)	N/M
Reported Statutory NPAT	19.0	18.7	1.2%
Fully Diluted Underlying EPS	4.97 cents	4.92 cents	1.0%
Fully Diluted Statutory EPS	4.74 cents	4.68 cents	1.2%

*STW has a direct and indirect ownership interest in over 80 advertising and communications businesses. STW Share takes into account STW's economic interest in their revenues, expenses, profits and losses of the entities, aggregated on a percentage basis.

INTERIM DIVIDEND

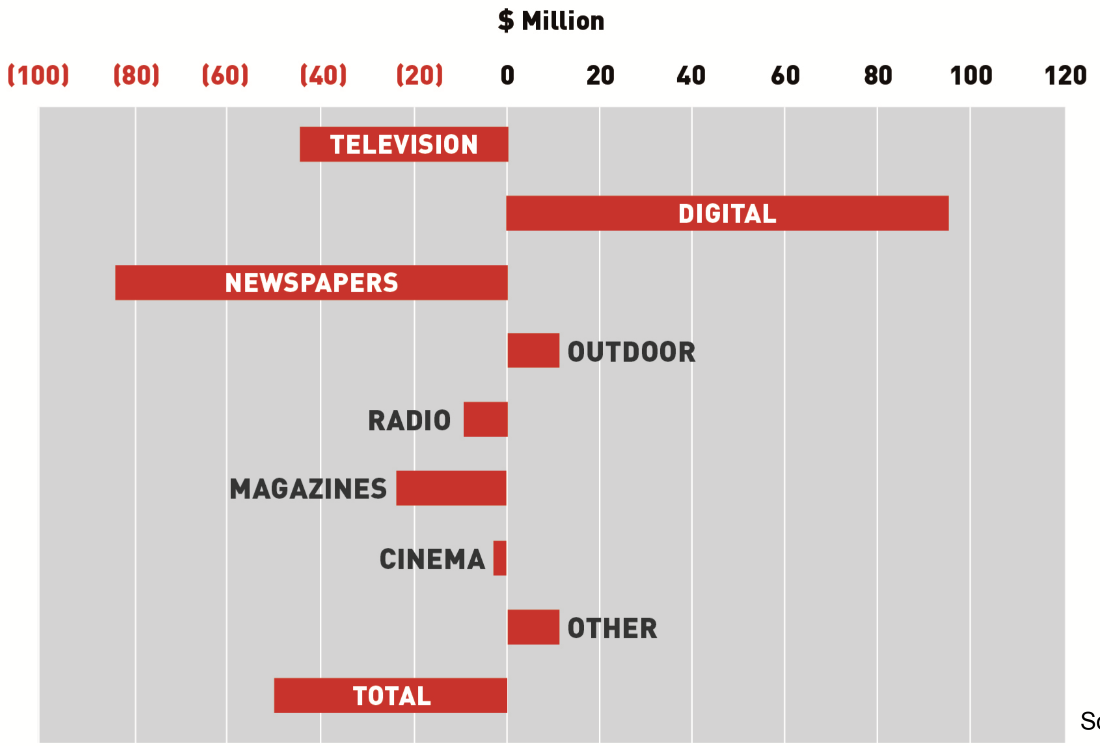
	Fully Franked Dividend per Share	Dividend $m	% payout ratio Underlying EPS
2012 Interim Dividend	3.3 cents	12.0	67%
2013 Interim Dividend	3.3 cents	13.3	72%
2014 Interim Dividend	3.3 cents	13.3	70%

*The 2014 interim dividend is payable on 24th September 2014, with record date of 3rd September 2014.

Dividend Reinvestment Plan

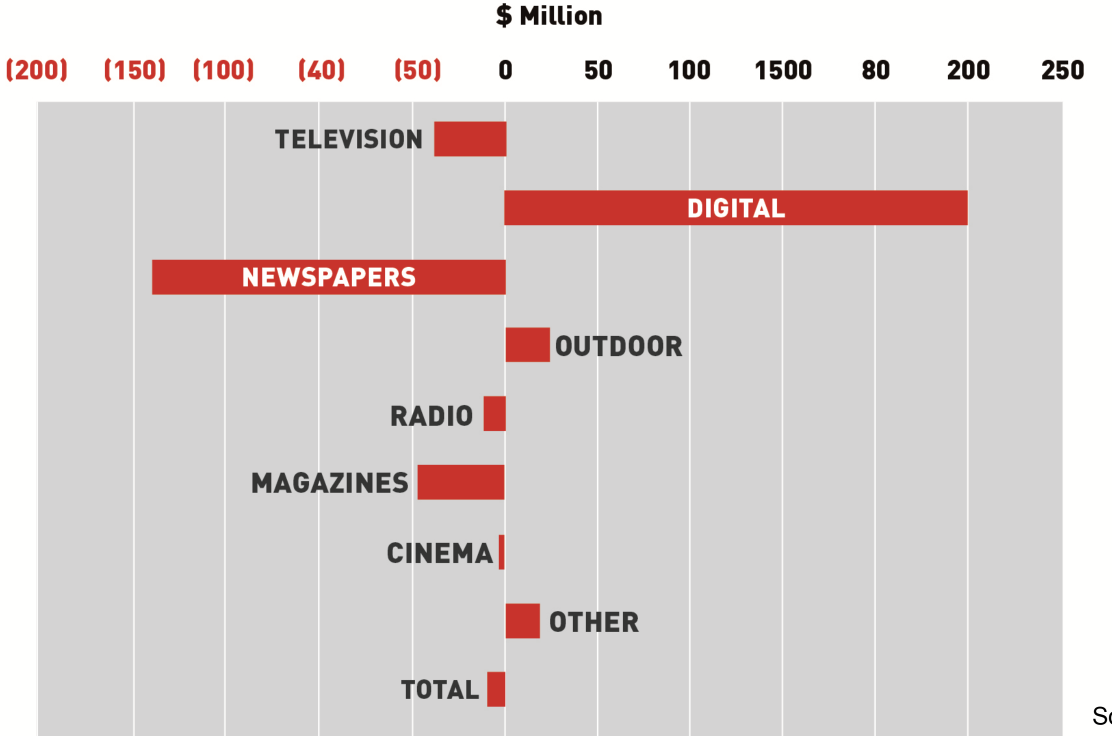
- A dividend reinvestment plan (DRP) will operate in respect of the interim dividend.
- The key terms of the STW Group DRP are:
    - A 2.5% discount is applicable to shares issued under the DRP.
    - No brokerage, commission or other transaction costs will be payable by participants on shares acquired under the DRP.
    - The pricing period for setting the DRP market price is the 7 trading days commencing on 5 September 2014 and ending on 15 September 2014.

6 MONTHS TO JUNE GROWTH ON PRIOR YEAR



Source: GroupM: SMI

FORECAST 12 MONTHS TO DEC GROWTH ON PRIOR YEAR



Source: GroupM: SMI

LUKAS AVIANI
CHIEF FINANCIAL OFFICER

KEY FINANCIALS

GROUP PROPORTIONAL PROFIT & LOSS ($M)

	JUN 2014	JUN 2013	CHANGE PCP
Revenue	188.3	178.7	5.3%
Staff Costs (SCR%)	(119.9) 63.7%	(111.2) 62.2%	
Establishment	(12.9)	(11.7)	
Net Other Overheads	(19.0)	(20.1)	
EBITDA & MARGIN	36.5 19.4%	35.7 20.0%	2.2%
D&A	(4.1)	(4.0)	
Net Interest	(5.1)	(4.7)	
Tax	(7.8)	(7.7)	
NPAT	19.5	19.3	1.0%

- Strong revenue performances in Digital, Design and Public Relations
- Training and Advertising weaker

- Staff cost ratios increase due to business mix change with Research increased weighting
- Other overheads fall as a % of revenue.

- Margin reduces by 0.6% - acquisition of Research business in 2H of 2013 changes business mix – circa 0.4% impact.

- D&A slight increase – acquisition related and new campus locations
- Net interest increase due to acquisition in 2H of 2013.

- Effective tax rate flat at 28.5%.

HALF YEAR 2014 – COMPONENTS OF GROWTH ($M – STW SHARE)

	Revenue		EBITDA		NPAT	
	$	% Δ	$	% Δ	$	% Δ
2013 Half Year	178.7		35.7		19.3	
Forex impact (A)	2.8	1.6%	0.3	0.8%	0.2	1.0%
Net acquired (B)	6.4	3.6%	0.4	1.1%	0.2	1.0%
Organic growth	0.3	0.2%	0.1	0.3%	(0.2)	(1.0%)
2014 Half Year	188.3	5.3%	36.5	2.2%	19.5	1.0%

A. Reflects the impact of foreign exchange movements on the level of prior year revenue derived in foreign currencies
B. Represents the net impact of acquisitions and disposals made in 2014 as well as the full year effect of acquisitions and disposals made in 2013

30 JUNE 2014 HALF YEAR CASHFLOW ($M)

	30 Jun 2014	30 Jun 2013	Last 24 month total
Statutory EBITDA	39.3	38.1	187.9
Operating cashflow pre interest and tax	31.3	24.1	142.4
EBITDA Conversion to cash flow	*80%*	*63%*	*76%*
Tax paid	(10.8)	(12.2)	
Net Interest	(5.1)	(4.7)	
Operating Cashflow	15.4	7.2	

KEY FIRST HALF THEMES:

- Debtor days and working capital improve from Dec 13
- Significant debtor receipts again fell into week 1 post reporting date (circa $5M impact)
- Conversion averages 80% over 24 months
- Tax payments – consistent with expectations at Dec-13
- 2nd half stronger with earnings weighting and lower tax payments.

30 JUNE 2014 - BALANCE SHEET WORKING CAPITAL IMPROVES ($M)

	30 June 2014	31 Dec 2013	30 June 2013
Cash [(a)]	27.2	43.3	30.2
Net working capital	5.1	11.4	5.7
Investments	115.6	117.3	107.0
Intangibles	511.1	505.2	489.7
Other Assets	63.6	62.1	57.6
TOTAL ASSETS	722.6	716.5	680.8
Bank Debt - Current [(b)]	(75.0)	(0.2)	(35.3)
- Non Current [(b)]	(102.4)	(172.2)	(127.8)
Lease Liability [(b)]	(5.8)	-	-
Earnouts – Current [(b)]	(13.3)	(9.9)	(15.0)
– Non Current [(b)]	(14.6)	(26.6)	(16.7)
Other Liabilities	(16.1)	(12.7)	(18.8)
NET ASSETS	495.4	495.9	467.2
Key balance sheet metrics:			
Net debt including earnouts [(b-a)]	183.9	165.6	164.5
Net debt: Net Assets [(1)]	37%	33%	35%

KEY THEMES:

- Net working capital improvement
- Intangibles increase - largely acquisition accounting adjustments
- Lease liability attributable to Kent St campus
- Earnouts see a large reduction to $27.9m with settlements - will continue to reduce significantly in the next 18 months.

[(1)] Net debt for this calculation includes earnouts as shown.

30 JUNE 2014 – LEVERAGE VERSUS CAPITAL MANAGEMENT TARGETS ($M)

GROSS DEBT V NET DEBT	
Ratios	30 June 14
Gross Debt to EBITDA	2.18x
Net Debt to EBITDA	1.90x

BANK FACILITIES – LOCKED IN MATURITIES TO 2018
(Post 30 June – current facilities)

MATURITY	$AUD (M)
August 2016 – AUD	$70.0*
July 2017 – AUD	$35.0*
August 2017 – AUD	$100.0 *
August 2018 – AUD	$40.0*
September 2018 – AUD	$25.0
Total Group Facilities (excludes guarantees of $18M)	$270.0
Drawn	$177.3
Undrawn	$92.7

* These facilities include a term out option extending each of the stated maturities by 12 months.

BANK FACILITY DEFINITION BASIS

Ratios	30 Jun 14	31 Dec 13	Covenant
Debt to EBITDA	2.60x	2.59x	< 3.00x
Interest Cover	6.36x	6.37x	> 5.00x
Debt:Equity	33.9%	33.4%	< 40.0%

- The loans outlined include a new debt facility of $35m entered into subsequent to the end of the half-year for the acquisition of Active Display Group
- Additional $3.3m NZD overdraft facility undrawn at 30 June.

AGGREGATE EARNOUT POSITION (at June 2014)

	Total earnouts and put/ call options
	($M)
31 December 2013 @ Future Value	45.8
Payments made in 2014	(7.1)
New 2014 earnouts	0.4
Net revisions to prior earnout estimates	(1.9)
30 June 2014 @ Future Value	37.2

Expected Settlement	Maturity Profile
	($M)
2014	2.4
2015	12.7
2016	8.9
2017	10.6
2018+	2.6
Total @ Future Value	37.2

1. Peak earnout settlement in 2015
2. $5.6 million in earnouts relates to put and call options - to deliver incremental earnings when exercised

RETURN METRICS – ROLLING 12 MONTH PERIODS

($M)	30 Jun 2014	31 Dec 2013	30 Jun 2013	31 Dec 2012	30 Jun 2012	31 Dec 2011
Average shareholders equity	439.0	431.4	404.1	383.7	359.5	353.0
Average invested capital	657.2	631.8	591.6	548.6	511.3	485.4
Underlying NPAT – rolling 12 months	49.7	49.5	45.3	44.0	42.1	41.3
Underlying EBIT – rolling 12 months	88.0	87.1	85.2	80.9	77.7	75.1
Return on shareholders equity (ROE)	11.3%	11.5%	11.2%	11.5%	11.7%	11.7%
After tax return on invested capital (ROIC)*	10.1%	10.3%	10.7%	11.0%	11.3%	11.5%

1. Return metrics have been impacted by capital raising in November 2012 and weaker working capital
2. Focus on continuing to improve returns – tighter working capital management, driving the assets harder.

*Calculated as underlying EBIT x 0.7 / average invested capital – adjusted for tax paid nature of equity accounted income.

CHRIS SAVAGE
CHIEF OPERATING OFFICER

STW GROUP IN ASIA

stw group

STW HAS A CLEAR, FOCUSED STRATEGY IN ASIA THAT BUILDS ON OUR STRENGTHS

OVERALL VISION

Become the most influential and sought-after digital marketing content and communications network in South East Asia.

01\.
BUILD A DIGITAL-FIRST REGIONAL NETWORK ACROSS SOUTH-EAST ASIA.

02\.
USE THE GROUP'S SCALE, IP AND EXPERTISE TO SUPERCHARGE OUR ASIA BUSINESSES.

03\.
SELECTIVELY EXPAND THE FOOTPRINT OF OUR BEST BUSINESSES INTO SOUTH EAST ASIA.

OFFSHORE EXPANSION REMAINS ON TRACK: WHAT WE HAVE TODAY IN SE ASIA & BEYOND

2014 FORECAST REVENUE

$40m

OVER **700** EMPLOYEES

MORE THAN

85 MAJOR CLIENTS ACROSS THE REGION

DIGITAL REVENUE APPROACHING

70%

STRONG PRESENCE IN ALL KEY SE ASIA MARKETS

- SINGAPORE
- MALAYSIA
- INDONESIA
- VIETNAM
- THAILAND
- PHILIPPINES

All dollar amounts are AUD$ unless otherwise noted, revenue & EBITDA aggregated at 100% ownership, includes acquisitions currently being finalised.

SNAPSHOT OF STW BUSINESSES OPERATING BEYOND AUSTRALIA & NZ:

aleph

alphasalmon

amblique Do more online.

Buchanan Group

BULLSEYE!

CPRVISION management CRM, Digital & Loyalty Solutions

Cornwell

DT

Designworks.

edgeasia

Houston.

XI XION

1H 2014 STW ASIA UPDATE

- Exceptional first half performance and full-year outlook from Aleph.
- The Edge Asia model proven, now servicing key clients in multiple markets and winning market share regionally.
- Alpha Salmon Indonesia alignment into Edge Asia, forecasting 80% revenue growth in CY14 and now #2 digital business in Indonesia.
- CPR Vision going strong with major global client wins.
- Buchanan Group's Home Tester Club JV launch in Indonesia moving ahead.
- ActiveDisplay acquisition adds significant Asia footprint.

STW IN ASIA – WHAT IS NEXT?

- Consolidate and expand regional footprint of Edge, Aleph and CPR Vision.
- Continue selected acquisitions where they can add scale and capabilities to our existing businesses.
- DT and Designworks servicing client demand in Asia, leveraging our regional network and footprint.
- STW ‘acceleration’ of our Asia businesses - strategy, positioning, support on key hires, knowledge exchange, and training.

stw data hub

OUR 2014 DATA GOAL:

STW IN LEADERSHIP POSITION AS AUSTRALASIA'S MOST EFFECTIVE MARKETING GROUP, UNDERPINNED BY A DIVERSE SET OF DATA EXPERTS IN OUR OPERATING COMPANIES ALL LEVERAGING POWERFUL DATA ASSETS AND INTELLECTUAL PROPERTY.

THE OPPORTUNITY

THE BIG REVENUE OPPORTUNITY FOR MOST OF OUR COMPANIES IS NOT IN 'DATA' ITSELF.

THE OPPORTUNITY IS IN THE INTERPRETATION AND APPLICATION OF DATA TO CREATE, DELIVER AND OPTIMISE TARGETED AND PERSONALISED COMMUNICATIONS FOR OUR CLIENTS.

CONSULTING ON DATA IS INCREMENTALISM. THE MARKET AND GROWTH GOES TO THOSE WHO PUT DATA AT THE CORE OF THEIR SERVICES AND REVOLUTIONISE MARKETING THROUGH IT.

FIRST HALF 2014: KEY HIGHLIGHTS

- Comprehensive data action plan
- 51 operating company data action plans
- Establishment of STW Datahub
- Formation of data pods
- Accelerate our specialists
- Our data future event - 200 top leaders
- STW data bootcamp - 500 attendees in phase 01
- Investment in new partnerships

stw group

stw data hub

MIKE CONNAGHAN
CHIEF EXECUTIVE OFFICER

SHOPPER MARKETING

stw group

EVOLUTION OF STW GROUP REVENUE

SHOPPER MARKETING? A high growth sector of marketing where STW's market leadership is poised for fast growth.

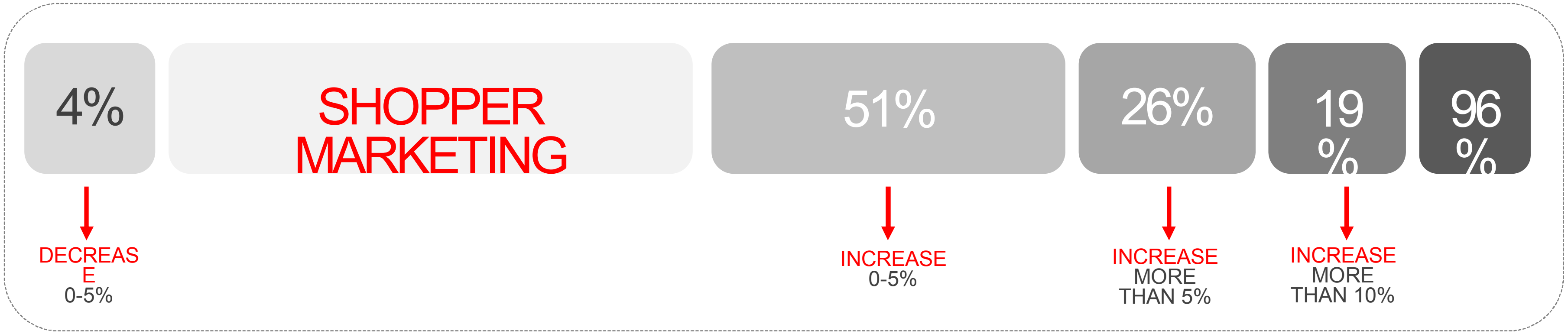
"We are investing significant focus and funds into Shopper as this is a strategic and effective use of our marketing budget"

- Sarah Nichols, Marketing Services Director, ANZSEA, Brown-Forman, Chair of POPAI, ANZ -

WHAT IS SHOPPER MARKETING?


WHAT IS SHOPPER MARKETING?
Connecting Shoppers To Brands
Consumer Insight.
Brand Objectives.
Shopper Insight.
Retailer Ambition.

SHIFTING SPEND TO OPTIMISE EFFECTIVENESS?

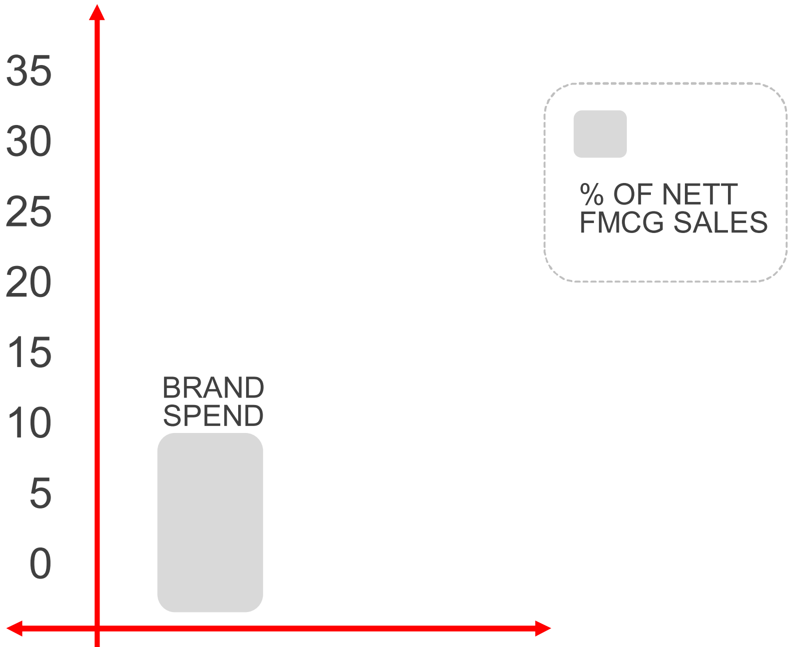


QUESTION:

In the next two years, how do you believe your company will change each of the following elements of its advertising and promotions mix?

- PWC June 2013

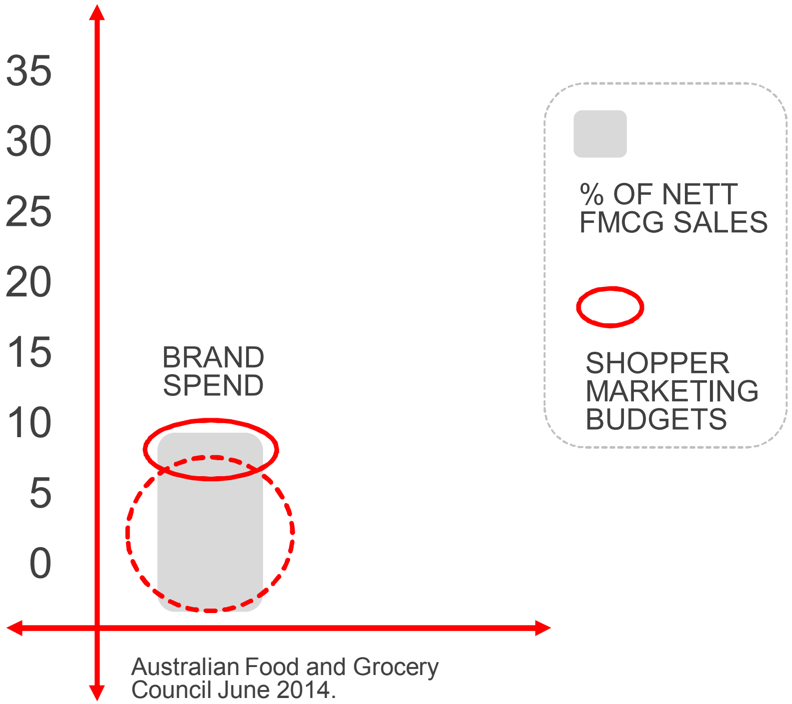
UNTAPPED BUDGET POOL



Australian Food and Grocery Council June 2014.

Australian Bureau of statistics, catalogue no.8501.0

UNTAPPED BUDGET POOL



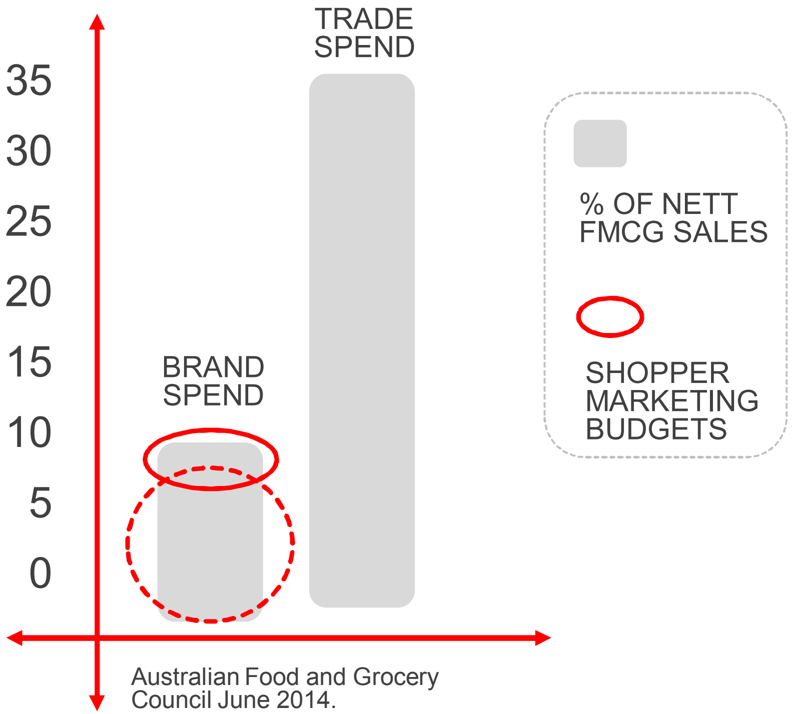
Australian Food and Grocery Council June 2014.

AUSTRALIAN RETAIL INDUSTRY TURNOVER 2013

$259.3 BILLION

Australian Bureau of statistics, catalogue no.8501.0

UNTAPPED BUDGET POOL



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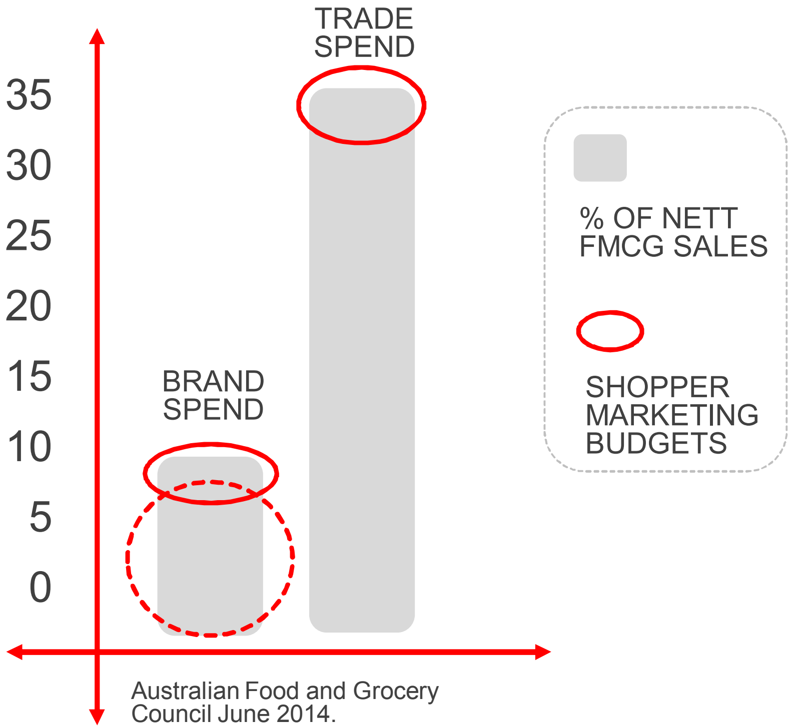

Australian Food and Grocery Council June 2014.

Australian Bureau of statistics, catalogue no.8501.0

STW SHOPPER MARKETING OFFER

STW SHOPPER MARKETING ECOSYSTEM

INSIGHTS & IDEAS
- Research: sensory & behavioural
- Insights and strategy
- Concepts
- Design and artwork
- Presentations
- Measurement & feedback

RETAIL STAFF
- Training
- Incentive programs
- Internal communications
- EVP and culture management

MEASUREMENT
- Mystery shopping
- Mobile feedback
- Call centre?

DRIVE TO STORE
- Experiential
- Sampling
- Near store media
- Retailer properties – catalogue, EDM
- Loyalty programs and direct marketing
- Retail advertising
- Sponsorship & events
- POP UP retail

INSTORE
- Product packaging
- Category Management
- Temporary POS & displays
- Permanent POS installations
- Promotions, incentives & coupons
- Retailer program creation and leverage
- Instore media
- Store design and shopper journey mapping
- Assisted sales force

LOGISTICS
- POS and merchandise management
- Storage, Pick'n'pack & despatch

FIELD MARKETING
- Mystery shopper
- Assisted or remote sales force
- Merchandising
- Auditing and compliance
- Expo's & trade shows
- Sampling

DIGITAL
- E commerce
- Website, SEO, SEM
- Mobile marketing -
- Social programs & strategies
- Instore kiosk & digital displays

STW SHOPPER MARKETING ECOSYSTEM

INSIGHTS & IDEAS

MEASUREMENT

INSTORE

FIELD MARKETING

RETAIL STAFF

DRIVE TO STORE

LOGISTICS

DIGITAL

STW SHOPPER MARKETING

STW Shopper Marketing comprises of a number of specialist shopper companies which can provide an unprecedented range of complementary services to help clients plan, create and deliver innovative shopper programs.

$69m REVENUE

$85m REVENUE

THE WAY FORWARD

COLLABORATION
Strengthen our STW Shopper.

CAPABILITY
Embed our existing capabilities. Develop new specialist capabilities & technology.

CONVERGENCE
Alignment of digital, data and shopper.

MIKE CONNAGHAN
CHIEF EXECUTIVE OFFICER

SUMMARY

stw group

OUTLOOK

- Market very challenging – STW market position enabling continued growth.
- STW Group strategy and model on track.
- STW ahead of curve on costs – holding margins.
- Evolving business model for shifting conditions.
- New Zealand and offshore opportunities strong.
- Training/Development: Campus strategy investment continues.
- Digital and Shopper Marketing expansion on track.
- Firmly in control of what we can control.
- 2014 organic guidance remains unchanged.
- Mid-single digit growth in EPS and NPAT expected after benefit of ADG acquisition.

THANK YOU.

stw group