

CREATIVITY
UNLEASHING

stw group


2014 FINANCIAL YEAR SUMMARY

- ✳ Underlying NPAT \$45.6M (down 7.8%).
- ✳ Original forecast mid single digit NPAT organic growth.
- ✳ 3 loss making businesses.
- ✳ New business win/loss performance poor, particularly in first half.
- ✳ High growth Digital business grew revenue \$9M = no profit growth.
- ✳ Margin slippage.
- ✳ Weaker than expected revenue and conversion in December.
- ✳ Major strategic and structural review underway.
- ✳ Investment at holding company level under review.
- ✳ Final dividend 3.5 cents per share fully franked (60% payout ratio for the full year).
- ✳ Better new business momentum in final quarter of 2014.

31 DECEMBER 2014 FULL YEAR GROUP PROFIT AND LOSS – STW SHARE* (\$M)

	2014	2013	Change Fav/(Adv)
Revenue	442.9	402.1	10.1%
EBITDA	83.3	87.6	(5.0%)
EBITDA Margin	18.8%	21.8%	(3.0%)
Underlying NPAT	45.6	49.5	(7.8%)
Acquisition expenditure written off, amortisation of intangible assets, close down costs	(1.0)	-	
Reported Statutory NPAT	44.6	49.5	(9.9%)
Fully Diluted Underlying EPS	11.3 cents	12.3 cents	(8.4%)
Fully Diluted Statutory EPS	11.1 cents	12.3 cents	(10.4%)

*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.

FINAL DIVIDEND

	Fully Franked Dividend per Share	Dividend \$m	% payout ratio Underlying EPS
2014 Interim Dividend	3.3 cents	13.3	
2014 Final Dividend	3.5 cents	14.3	
Total 2014 Dividend	6.8 cents	27.6	60%

	Fully Franked Dividend per Share	Dividend \$m	% payout ratio Underlying EPS
2013 Interim Dividend	3.3 cents	13.3	
2013 Final Dividend	5.3 cents	21.4	
Total 2013 Dividend	8.6 cents	34.7	70%

*The 2014 final dividend is payable on 28 April 2015, with record date of 7 April 2015.

Dividend Reinvestment Plan

- A dividend reinvestment plan ("DRP") will apply to the final dividend. The DRP pricing period for this dividend will be from 9 April 2015 to 17 April 2015 (inclusive). A 2.5% discount is applicable to shares issued under the DRP.

LUKAS AVIANI

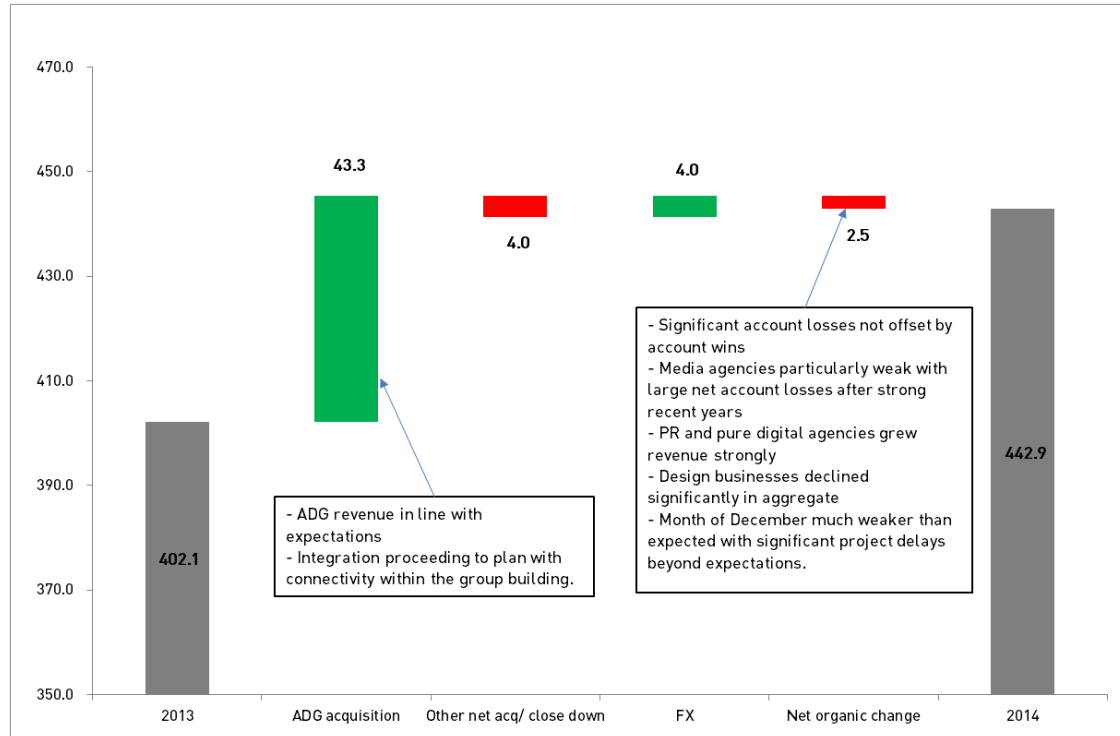
CHIEF FINANCIAL OFFICER

KEY FINANCIALS

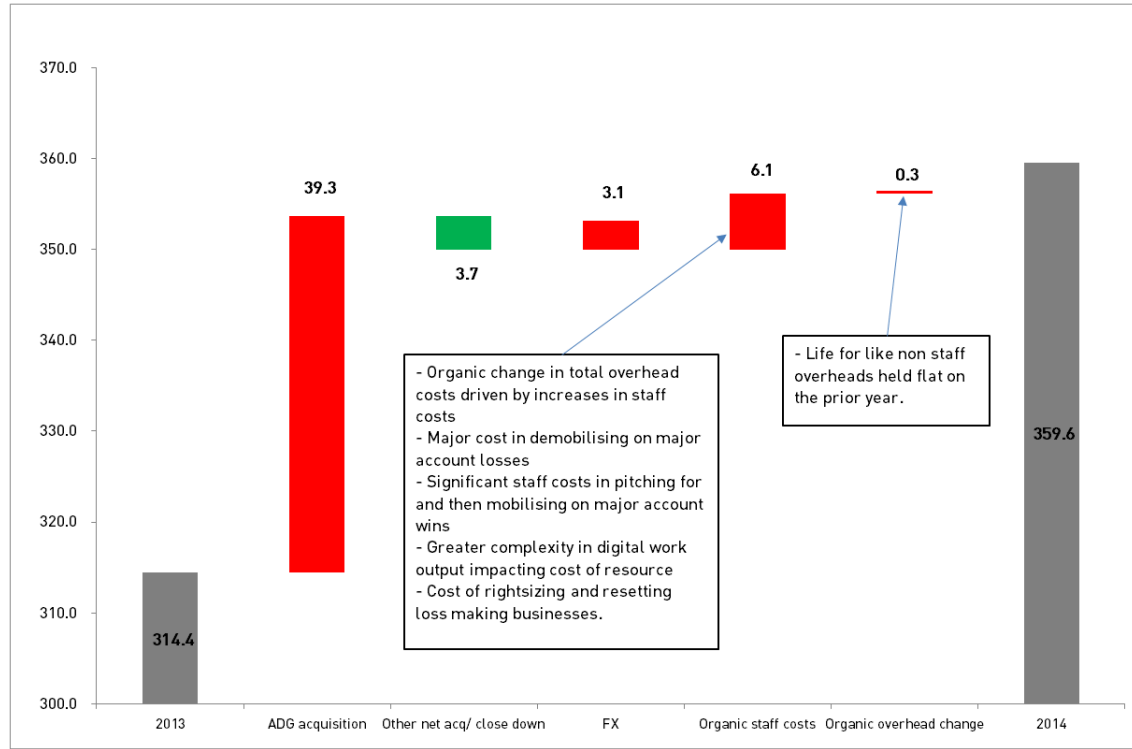
2014 KEY RESULTS THEMES

- ✳ A year with significant account wins and losses.
- ✳ Successfully defended major accounts however with significant cost and effort.
- ✳ December revenues much weaker than we had anticipated due to client delays and deferrals. Too late to change cost base hence 100% impact to bottom line.
- ✳ Acquisition of Active Display Group from July with resultant impact on revenues, margin and net debt.
- ✳ Account losses particularly in media impact working capital and as a result cashflow.
- ✳ 2015 debt maturities extended – current weighted maturity of 33 months.
- ✳ Net debt and leverage increases with targeted reduction through 2015.
- ✳ New financial presentation format from 2015.

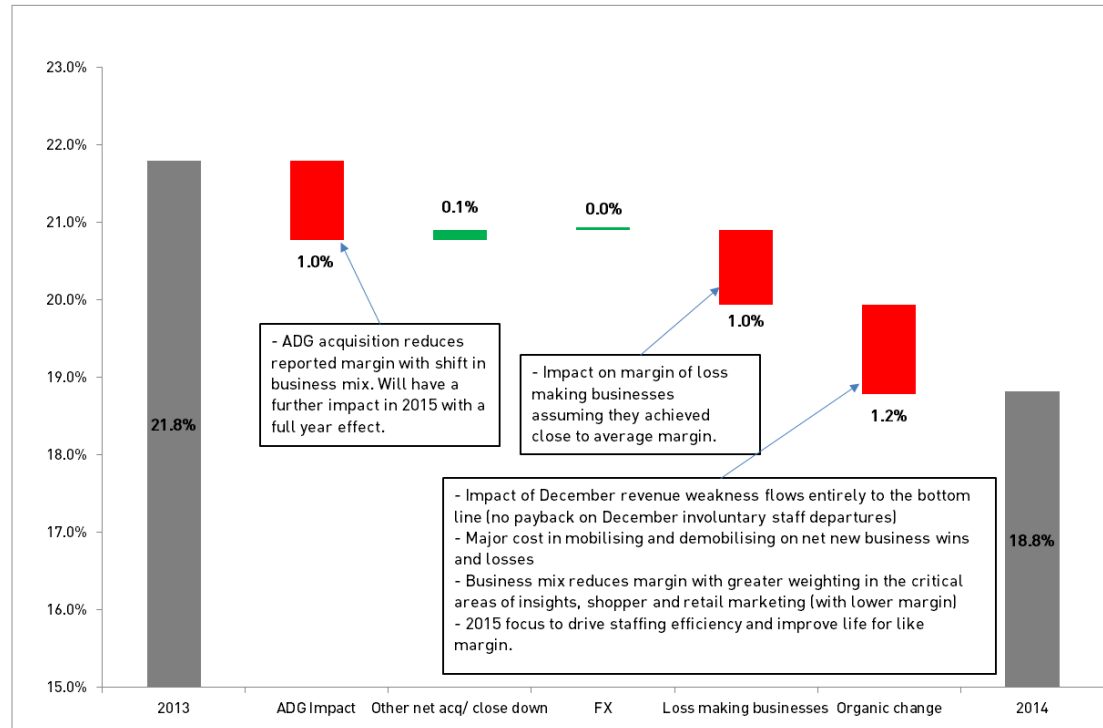
UNDERLYING REVENUE ANALYSIS - YEAR ENDED DEC 2014 VS DEC 2013



CHANGE IN OVERHEADS ANALYSIS - YEAR ENDED DEC 2014 VS DEC 2013



MARGIN ANALYSIS - YEAR ENDED DEC 2014 VS DEC 2013



GROUP PROPORTIONAL PROFIT & LOSS (\$M)

	Dec 2014	Dec 2013	CHANGE PCP	
Revenue	442.9	402.1	10.1%	<ul style="list-style-type: none"> • Increase in revenue due to the acquisition of Active Display Group.
Cost of Sales	(44.2)	(9.4)		
Staff Costs	(254.6)	(245.6)		<ul style="list-style-type: none"> • Staff cost ratios increase due to business mix change with increased weighting of Research and acquisition of Active Display Group
[SCR%]*	63.9%	62.5%		<ul style="list-style-type: none"> • Other overheads held flat and decrease as a % of revenue.
Establishment	(25.1)	(25.3)		
Net Other Overheads	(35.7)	(34.2)		
EBITDA & MARGIN	83.3 18.8%	87.6 21.8%	(5.0%)	<ul style="list-style-type: none"> • Margin reduces by 3% impacted by the acquisition of Active Display Group, loss making business and December revenue deferrals.
D&A	(9.4)	(8.6)		
Net Interest	(12.2)	(10.7)		<ul style="list-style-type: none"> • D&A increase through the acquisition of Active Display Group.
Tax	(16.1)	(18.8)		<ul style="list-style-type: none"> • Net interest increase due to acquisition in 2H of 2013 and 2014.
Underlying NPAT	45.6	49.5	(7.8%)	

*Determined as staff costs as a percentage of revenue less cost of sales.

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

	Revenue		EBITDA		NPAT	
	\$	% Δ	\$	% Δ	\$	% Δ
2013 Full Year	402.1		87.6		49.5	
Forex impact ^(A)	4.0	1.0%	0.9	1.0%	0.7	1.4%
Net acquired ^(B)	39.3	9.7%	3.8	4.2%	1.4	2.8%
Organic growth	(2.5)	(0.6%)	(8.9)	(10.2%)	(6.0)	(12.0%)
2014 Full Year	442.9	10.1%	83.3	(5.0%)	45.6	(7.8%)

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

31 DECEMBER 2014 FULL YEAR CASHFLOW (\$M)

	31 Dec 2014	31 Dec 2013	Last 24 month total
Statutory EBITDA	93.7	95.5	189.2
Operating cashflow pre interest and tax	63.1	65.5	128.6
<i>EBITDA Conversion to cash flow</i>	<i>67%</i>	<i>69%</i>	<i>68%</i>
Tax paid	(18.4)	(20.0)	(38.4)
Net Interest	<u>(11.7)</u>	<u>(10.1)</u>	<u>(21.8)</u>
Operating Cashflow	33.0	35.4	68.4

KEY THEMES:

- Cash conversion averages 68%.
- Media client losses lead to cash conversion well below targeted 100% level.
- Tax paid above statutory expense due to timing. Will normalise in 2015.
- At 100% conversion, operating cashflow to be circa \$65m in 2015.

31 DECEMBER 2014 - BALANCE SHEET (\$M)

	31 Dec 2014	31 Dec 2013
Cash ^(a)	19.9	43.3
Net working capital	21.9	(11.4)
Investments	122.3	117.3
Intangibles	555.6	505.2
Other Assets	70.5	62.1
TOTAL ASSETS	790.2	716.5
Bank Debt - Current ^{(b)*}	(100.0)	(0.2)
- Non Current ^(b)	(107.1)	(172.2)
Lease Liability ^(b)	(5.6)	-
Earnouts – Current ^(b)	(16.8)	(9.9)
- Non Current ^(b)	(14.9)	(26.6)
Other Liabilities	(20.1)	(11.7)
NET ASSETS	525.7	495.9

Key balance sheet metric:

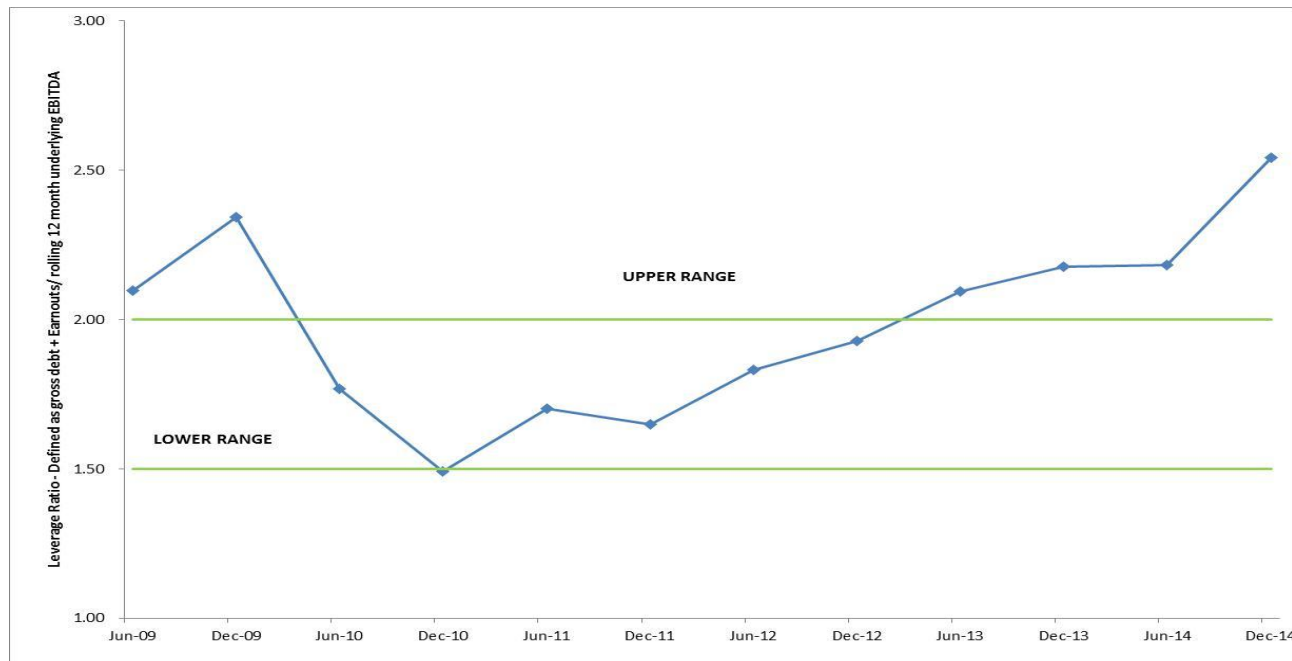
Net debt including earnouts ^(b-a)	224.5	165.6
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*This facility now extended to January 2018.

KEY THEMES:

- Net working capital impacted by Active Display Group and media.
- Intangibles increase due to acquisitions.
- Net debt increase due to ADG acquisition and cashflow.
- Earnouts to reduce significantly in the next 12 months.

31 DECEMBER 2014 – LEVERAGE VERSUS CAPITAL MANAGEMENT TARGETS (\$M)



GROSS DEBT V NET DEBT

Ratios 31 Dec 14

Gross Debt to EBITDA 2.51x

Net Debt to EBITDA 2.31x

BANK FACILITIES – LOCKED IN MATURITIES TO 2018/2019

MATURITY	\$M
August 2016 – AUD	\$70
July 2017 – AUD	\$35
January 2018 – AUD*	\$100
August 2018 – AUD	\$40
September 2018 – AUD	\$25
Total Group Facilities (excludes guarantees of \$18M)	\$270
Drawn	\$207
Undrawn	\$63

BANK FACILITY DEFINITION BASIS

Ratios	31 Dec 14	31 Dec 13	Covenant
Debt to EBITDA	2.83x	2.59x	< 3.00x
Interest Cover	5.83x	6.37x	> 5.00x
Debt:Equity	35.5%	33.4%	< 40.0%

- All facilities include a term out option extending each of the stated maturities by 12 months.
- Additional \$3.3m NZD overdraft facility undrawn at 31 December 2014.

* This facility was termed out post year end

AGGREGATE EARNOUT POSITION - 31 DECEMBER 2014

	Total earnouts and put/ call options
	(\$M)
31 December 2013 @ Future Value	45.8
Payments made in 2014	(8.3)
New 2014 earnouts	4.8
Net revisions to prior earnout estimates	(3.5)
31 December 2014 @ Future Value	38.8

Expected Settlement	Maturity Profile
	(\$M)
2015	17.7
2016	7.6
2017	12.1
2018+	1.4
Total @ Future Value	38.8

1. Peak earnout settlement in 2015

RETURN METRICS – ROLLING 12 MONTH PERIODS

(\$M)	31 Dec 2014	30 Jun 2014	31 Dec 2013	30 Jun 2013	31 Dec 2012	30 Jun 2012
Average shareholders equity	455.1	439.0	431.4	404.1	383.7	359.5
Average invested capital	699.0	657.2	631.8	591.6	548.6	511.3
Underlying NPAT – rolling 12 months	45.6	49.7	49.5	45.3	44.0	42.1
Underlying EBIT – rolling 12 months	87.2	88.0	87.1	85.2	80.9	77.7
Return on shareholders equity (ROE)	10.0%	11.3%	11.5%	11.2%	11.5%	11.7%
After tax return on invested capital (ROIC)*	9.3%	10.1%	10.3%	10.7%	11.0%	11.3%

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

DANNY BASS

CHIEF INVESTMENT OFFICER

GROUP M

AGENCY INVESTMENTS OVERVIEW

2014 agency spend history

- Tough conditions overall **-0.1%**
- Television spends fell across the board in 2014 **-3.6%**
- Subscription TV growth hit the wall in 2014 **-8.2%**
- Newspapers and magazines continue to struggle **-14% & -12.1%**
- Out of home continues to grow and diversify its offering **+9.7%**

All figures quoted SMI – excludes Direct

AGENCY INVESTMENTS OVERVIEW

2014 marked the 3rd year of television audience declines

- Total people audience declines have been minimal.
- Declines on primary buying demographics are gaining momentum.
- Declines across primary channels and viewing times are gaining momentum.
- Google and Facebook now competing for TV ad dollars.

All figures quoted SMI

AGENCY INVESTMENTS OVERVIEW

7 year agency spend history

- Automotive spends in 2014 are still sitting at 2008 levels.
- Monetary policy settings have stimulated the banking / finance sector.
- Retail remains weak although rate cuts and a falling dollar should stimulate spend.
- Food/Produce/Dairy continues challenges with supermarket brands although relief will come from a falling dollar.
- Media transactions since 2008 have increased at a 13.6x multiple to revenue invested.

AGENCY INVESTMENTS OVERVIEW

2014 agency spend history

- Digital spends continue to increase strongly (15.6%) with growth being driven by categories outside of the early adopters.
- We are seeing clients who were early adopters of digital reaching spend maturity in this category.
- Online video growth continues however still significant issues in availability of quality inventory.

All figures quoted SMI

AGENCY INVESTMENTS OVERVIEW

Things to watch out for the remainder of the fiscal year

- Overall market growth of 2.8%.
- Clients who benefit from a falling \$AUD.
- Falling interest rates and a strong housing market will stimulate banking and finance.
- NSW State Election.
- Move of out of home, TV and Radio into programmatic.
- Technology and competition will continue to disrupt TV space.
- Move of significant traditional marketing spend into owned media assets.

All figures quoted SMI

MIKE CONNAGHAN

CHIEF EXECUTIVE OFFICER

ACQUISITIONS/DISPOSALS

ENTITY	SPECIALTY	PREVIOUS	CURRENT
DISPOSALS AND CLOSE DOWN			
Catalyst	Advertising	75%	-
Ikon New York	Media Planning	20%	-
Amblique*	Digital Marketing	40%	-
ACQUISITIONS			
Active Display Group	Retail Activation	-	100%
Bullseye Group	Digital Marketing	40%	66.7%
Evocatif	Communications	49%	100%

*Post Year End

OUR STRATEGY

01. BIG AT HOME

- No. 1 Advertising Agency Group
- No. 1 Media Group
- No. 1 PR Group
- No. 1 Digital Group
- No. 1 Production Group



02. EVOLUTION/FUTURE PROOFING

- Digital ubiquity across group
- Incubate new ventures
- Build specialist data capabilities
- New services e.g. shopper



03. ASIA & BEYOND

- Build digitally-led entrepreneurial network in Asia
- Leverage our brands to tap into growth opportunities globally
- Export and build on key IP in new markets



DIVISIONAL SEGMENTATION

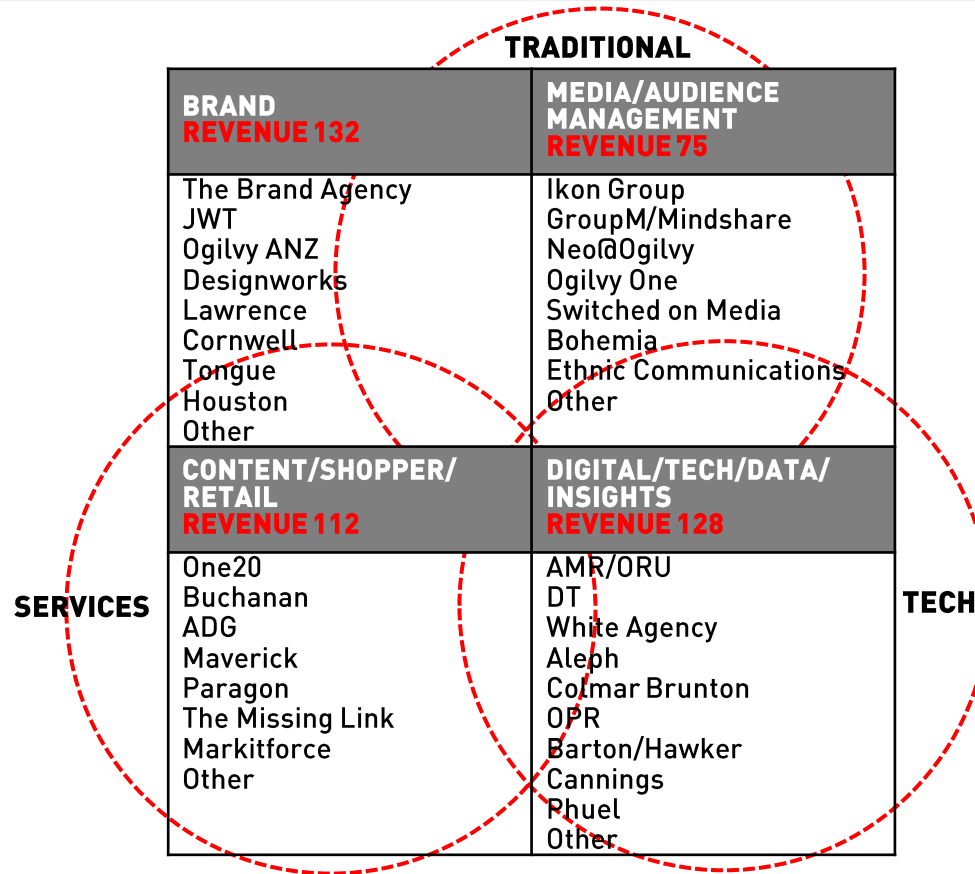
BRAND REVENUE 132	MEDIA/AUDIENCE MANAGEMENT REVENUE 75	CONTENT/SHOPPER/ RETAIL REVENUE 112	DIGITAL/TECH/DATA/ INSIGHTS REVENUE 128
The Brand Agency JWT Ogilvy ANZ Designworks Lawrence Cornwell Tongue Houston Other	Ikon Group GroupM/Mindshare Neo@Ogilvy Ogilvy One Switched on Media Bohemia Ethnic Communications Other	One20 Buchanan ADG Maverick Paragon The Missing Link Markitforce Other	AMR/ORU DT White Agency Aleph Colmar Brunton OPR Barton/Hawker Cannings Phuel Other
Category Growth* 1 x GDP	Category Growth* 1.5 x GDP	Category Growth* 3 x GDP	Category Growth* 4 x GDP

*Predicted market growth not STW share

DIVISIONAL SEGMENTATION

BRAND REVENUE 132	MEDIA/AUDIENCE MANAGEMENT REVENUE 75	CONTENT/SHOPPER/ RETAIL REVENUE 112	DIGITAL/TECH/DATA/ INSIGHTS REVENUE 128
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\$13.3m Holdco			

DIVISIONAL SEGMENTATION



NEW BUSINESS WINS AND LOSSES - 2014

WINS

CLIENT	BUSINESS
Microsoft	PR
RACV	Advertising
Fed/State Gov (various)	Advertising
Revlon	Retail/Shopper
Origin Energy	Digital

DEFENCE

CLIENT	BUSINESS
CBA	Media
BMW	Advertising
Westfield	Ad/PR/Digital/Media

LOSSES

CLIENT	BUSINESS
Myer	Advertising
Panasonic	Digital
Diageo	Media
Coke	Media
Vodafone	Advertising
St George/BOM	Advertising

RECENT WINS

CLIENT	BUSINESS
Lion Nathan	Advertising
Flight Centre	Media
iiNet	Media
Optus	CRM
Qantas	Advertising
K Mart	Digital
Jenny Craig	Advertising
Treasury Wine Estates	Activation + Advertising + Shopper

TOUCHPOINTS BY DIVISION

TOP 10 CLIENTS BY REVENUE

	Client A	Client B	Client C	Client D	Client E	Client F	Client G	Client H	Client I	Client J
CLIENT TOUCH POINTS	9	7	16	7	6	15	20	18	13	11
BRAND										
MEDIA/AUDIENCE MANAGEMENT										
CONTENT/SHOPPER/ RETAIL										
DIGITAL/TECHNOLOGY/ DATA/INSIGHTS										

TOUCHPOINTS BY DIVISION
TOP 10 CLIENTS BY REVENUE

	Client A	Client B	Client C	Client D	Client E	Client F	Client G	Client H	Client I	Client J
Client Touch points	9	7	16	7	6	15	20	18	13	11
Brand	✓	✗	✓	✓	✓	✓	✗	✓	✓	✓
Media / Audience Management	✓	✗	✗	✓	✗	✓	✗	✓	✗	✗
Content Production	✓	✗	✓	✗	✗	✓	✓	✓	✓	✗
Insights / Consulting	✗	✗	✓	✗	✗	✗	✓	✓	✗	✗
Public Relations	✗	✗	✓	✓	✗	✗	✓	✓	✓	✗
Shopper / Retail	✓	✗	✓	✓	✗	✓	✓	✗	✗	✗
Digital / Technology	✗	✓	✗	✓	✓	✓	✓	✗	✓	✓
Activation	✗	✗	✗	✗	✗	✗	✓	✓	✗	✗
Design	✗	✗	✗	✗	✗	✗	✗	✓	✗	✗
Data / Direct	✗	✗	✗	✗	✗	✗	✓	✗	✓	✗

2014 FULL YEAR RESULTS IN SUMMARY/OUTLOOK

- ✳ Underlying earnings of \$45.6 million, down 7.8% (2013: \$49.5 million)
- ✳ The results impacted by key client losses during the year and subdued demand leading to weaker than expected earnings in the final quarter of the year.
- ✳ Completed the acquisition of Active Display Group.
- ✳ Pleasing new business wins in the final quarter of 2014 providing momentum going into 2015.
- ✳ Final dividend of 3.5¢ per share payable on 28 April 2015, with record date of 7 April 2015. Total dividend for the year of 6.8¢ per share, fully franked representing a payout ratio of 60% of earnings.
- ✳ Business review currently being undertaken.
- ✳ Focus on organic growth and driving growth from current business units.

THANK YOU.