

# Appendix 4E

## Preliminary financial report

### Wellcom Group Limited

ACN 114 312 542

**Current reporting period: Year ended 30 June 2018**

**Previous reporting period: Year ended 30 June 2017**

This preliminary final report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A.

#### Results for announcement to the market

##### Financial Results

\$'000

Revenue *	up	7%	to	\$155,166
Profit after tax from continuing operations attributable to members	up	10%	to	\$11,724
Profit after tax from ordinary activities attributable to members	up	10%	to	\$11,724
Net profit for the period attributable to members	up	10%	to	\$11,724

\* Revenues (excluding print management pass through costs) of \$107,618k (2016: \$98,694k) represented an increase of 9% over the previous corresponding financial period.

##### Dividends / Distributions

	Amount per security	Franked amount per security
Final dividend for the period ended 30 June 2018	11.0 ¢	11.0 ¢
Interim dividend for the period ended 31 December 2017	10.0 ¢	10.0 ¢
Special dividend	25.0 ¢	25.0 ¢
Record date for determining entitlements to the final dividend	31 August 2018	
Payment date for final dividend	14 September 2018	

##### Contents

Results for announcement to the market, based on the audited financial report of Wellcom Group Limited for the year ended 30 June 2018.

##### Additional Information

Additional Appendix 4E disclosure requirements can be found in the annual financial report of Wellcom Group Limited for the year ended 30 June 2018, lodged in conjunction with this report.

The information contained in this report is to be read in conjunction with any announcements made to the market by Wellcom Group Limited during the financial period.

For further information on Wellcom Group Limited, please visit our website at: [www.wellcomworldwide.com](http://www.wellcomworldwide.com)

## **Explanation of Results**

### **Operating results for the year**

The Group recorded statutory revenue of \$155,166k (2017: \$145,174k), representing an increase of 7% over the previous financial year, with net revenue (excluding print management pass through costs) of \$107,618k (2017: \$98,694k) representing an increase of 9% over the same period. Revenues increased in each of Wellcom's operating segments (Australasia, United States and United Kingdom), with substantial contributions from new business wins including News Corp (Australia), Countdown (NZ), Red Lobster (US), Southeastern Grocers (US), Tesco (UK) and HomeAway - Expedia (UK).

Operating margins within the Group increased to 19.7% on a net revenue basis (2017: 19.2%).

EBITDA from continuing operations increased by 9% to \$20,486k (2017: \$18,729k) with EBIT from continuing operations increasing by 11% to \$17,676k (2017: \$15,965k), and NPAT from continuing operations increasing 10% to \$11,724k (2017: \$10,627k).

The effective tax rate for the Group was 33% (2017: 33%).

### **Shareholder returns**

The shareholder returns presented below are based on results from continuing operations.

	<b>2018</b>	2017
Basic earnings per share (cents)	<b>29.92</b>	27.12
Return on net assets (%)	<b>19.40</b>	16.11
Dividend payout ratio - including special dividend of 25 cents (%)	<b>153.77</b>	84.82

### **Liquidity and financial condition**

The Group generated \$15,093k in cash from operating activities for the year ended 30 June 2018 (2017: \$10,107k) following strong improvement in cash conversion. As at 30 June 2018 the Group has net debt of \$2,198k.

## **Dividends**

A 100% franked final dividend of 13.5 cents per ordinary share was paid on 15 September 2017. The total amount of the dividend paid was \$5,290,650.

A 100% franked interim dividend of 10.0 cents per ordinary share was paid on 16 March 2018. The total amount of the dividend paid was \$3,919,000.

A 100% franked special dividend of 25.0 cents per ordinary share was paid on 16 March 2018. The total amount of the dividend paid was \$9,797,500.

Total dividends paid during the financial year were 48.5 cents per ordinary share. The total amount paid was \$19,007,150.

A 100% franked final dividend of 11.0 cents per ordinary share was declared on 21 August 2018. The record date for determining entitlements to the final dividend is 31 August 2018. The final dividend will be paid on 14 September 2018. The total amount of the final dividend to be paid is \$4,310,900. As this dividend was not declared prior to the end of the financial year it has not been recognised in the accounts for the year ended 30 June 2018.

Total dividends paid or declared in relation to the financial year ended 30 June 2018 were 46.0 cents per ordinary share. The total amount paid or payable is \$18,027,400.

There are no dividend reinvestment plans or share buybacks currently offered or in operation.

Net tangible assets per security at 30 June 2018 was 28.87 cents (2017: 46.26 cents).

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**Entities over which control has been gained or lost**

There has been no change in control over the 100% owned subsidiaries Wellcom London Ltd, Wellcom Group Pte Ltd, Wellmalaysia Sdn Bhd, Wellcom Moving Images Pty Ltd, iPrint Corporate Pty Ltd, Wellcom Group Inc, theLab LLC, Dippin' Sauce LLC and Wellcom Group Ltd (Hong Kong). Wellcom Moving Images Pty Ltd and iPrint Corporate Pty Ltd, both dormant entities, were deregistered on 26 June 2018.

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**Subsidiary and Joint Venture entities**

<u>Name of Subsidiary/Joint Venture entity</u>	<u>Country of incorporation</u>	<u>Ownership Interest At 30.06.18</u>	<u>Entity Net Profit After Tax \$'000</u>
Wellcom London Ltd	United Kingdom	100%	\$458
Wellcom Group Pte Ltd	Singapore	100%	(\$5)
Wellmalaysia Sdn Bhd	Malaysia	100%	\$69
Wellcom Group Inc	United States of America	100%	\$3,422
theLab LLC **	United States of America	100%	-
Dippin' Sauce LLC **	United States of America	100%	-
Wellcom Group Ltd	Hong Kong	100%	(\$4)

\* theLab LLC and Dippin' Sauce LLC profits are consolidated within its parent entity Wellcom Group Inc.

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