wellcom
WORLDWIDE

FY18 FULL YEAR RESULTS

ASX: WLL

The world's leading independent creative production agency

Specialising in content creation, production and software solutions.

We work with **premium global brands** across **APAC**, **Europe** and **North America**.

HOW WE ADD INDUSTRY VALUE

We help brands produce marketing and advertising content, for all channels, quickly, accurately and cost effectively.

VISUAL

- Photography
- Retouching
- CGI / Motion Graphics / Animation
- Tactical Retail
- Art Direction / Copy Writing

PRINT

- Catalogues
- Point Of Sale
- Brochures
- Magazines
- Newspapers

MOVING IMAGE

- Commercials
- Broadcast
- Film
- Social Video
- Corporate Videos

DIGITAL

- Display Advertising & email
- Responsive Design
- Websites
- Microsites
- App Development

SOCIAL

- Facebook
- Instagram
- Content
- Video
- Blog

knowledgewell

FY18 FINANCIAL HIGHLIGHTS

NET REVENUE
↑ 9%
$107.62M

EBITDA
↑ 9%
$20.49M

EBIT
↑11%
$17.68M

NET PROFIT
↑10%
$11.72M

EPS
↑10%
29.92¢

OPERATIONAL HIGHLIGHTS — **NEW BUSINESS**

- Local, Regional and Global New Business Wins.
- Majority of deals incorporate both content services and technology offering.
- Wins across Publishing, FMCG, Travel, Financial Services, Advertising and Retail Industries.

OPERATIONAL HIGHLIGHTS — **UNITED KINGDOM**

- Relocated team to new offices in Clerkenwell, London.
- Purpose built studios, streamlining operations.
- Great location attracting creative talent.
- Completed Knowledgewell installation to Tesco.

OPERATIONAL HIGHLIGHTS — **NEW ZEALAND**

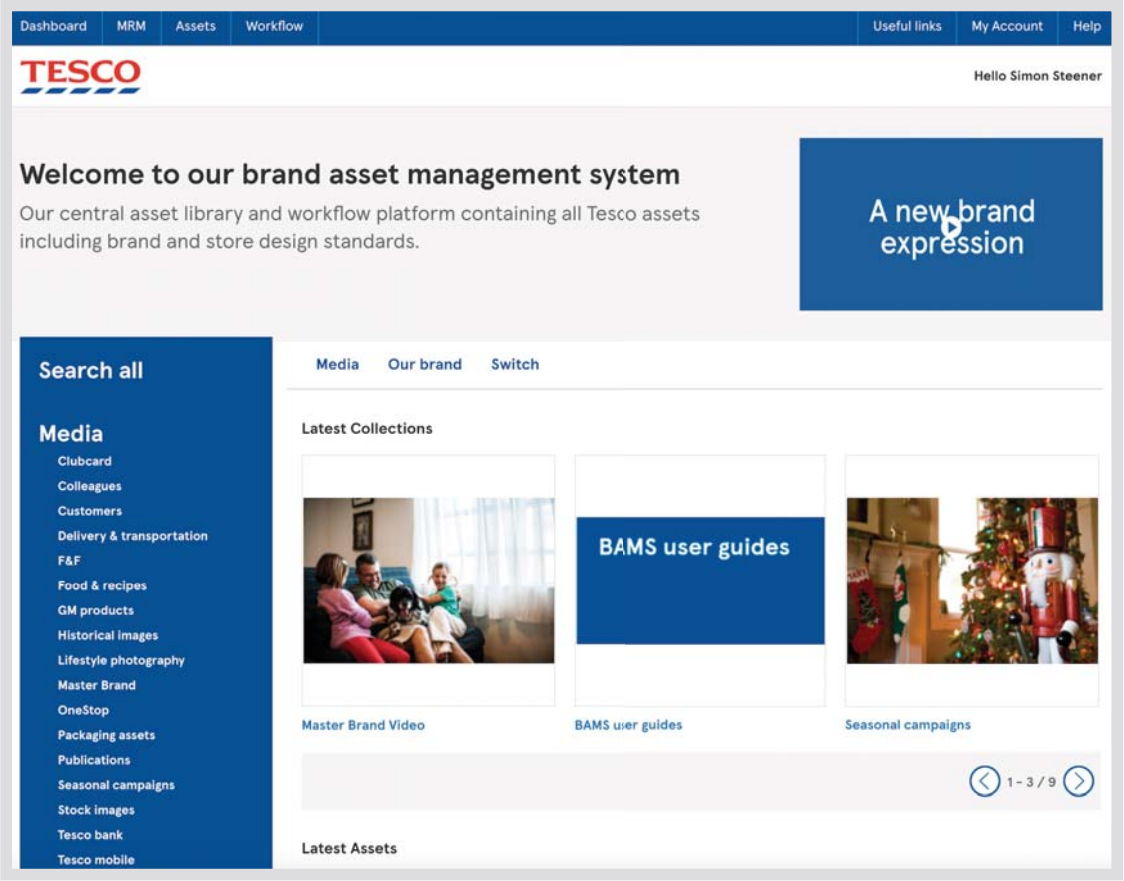
- Significant new business win - Countdown Supermarkets.
- Established new Auckland office at Ellerslie.
- Full service Creative Production Centre (TVC, Radio, Online, Digital, Video and Photographic)

OPERATIONAL HIGHLIGHTS — **CREATIVE IMAGING**

- Dippin' Sauce is our specialist brand providing Creative Retouching, VFX, CGI and Motion Graphics.
- We have now co-located Dippin' Sauce with both our New York and UK operations.
- Dippin' Sauce has experienced strong growth with premium brands in both markets.
- We will continue to expand this brand into other locations.

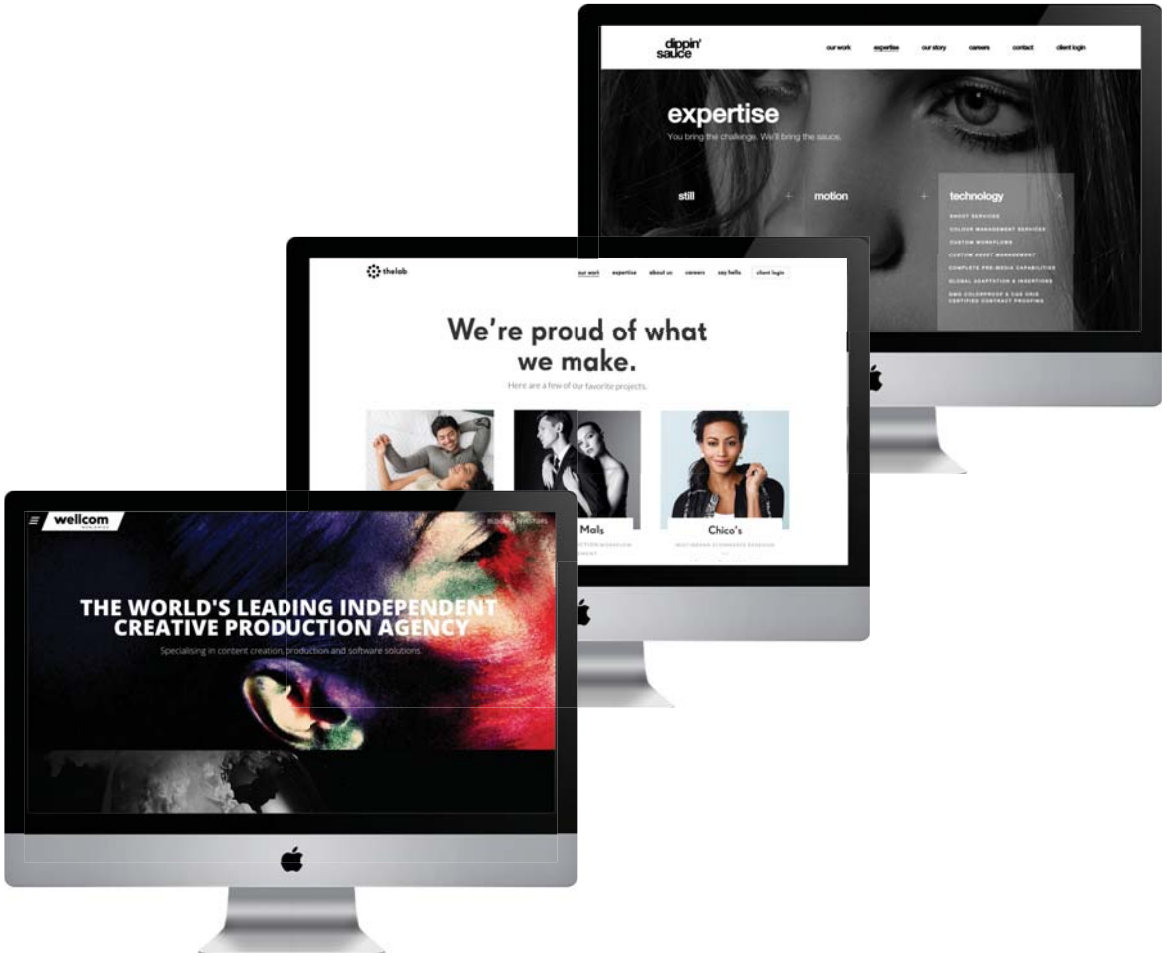
OPERATIONAL HIGHLIGHTS — **TECHNOLOGY**

- Completed large-scale implementations of our Knowledgewell technology into Europe, US, NZ and AUS.
- Knowledgewell now used by 50+ brands and 20,000+ users.
- Imminent acquisition of BrandSystems International Pte Ltd (MRM technology).



OPERATIONAL HIGHLIGHTS — **MARKETING**

- Continued investment in group marketing.
- Completed corporate rebranding.
- Completed Knowledgewell rebranding.
- Three new company websites launched.
- Hosted events in all markets.



INDUSTRY TRENDS

- Significant growth of digital, video and social media has created an insatiable appetite for rich and engaging content.
- Advancements in consumer data analysis provides brands with unparalleled insights into purchasing behaviours.
- Global download speeds have increased 30% since 2017, driving content consumption.
- The volume and type of work has grown at a larger rate than global marketing budgets.
- Brands need more than one large campaign to connect with the modern, tech savvy consumer, complementing the Wellcom model.
- Wellcom has the breadth of services, workflow and technological expertise to support channel diversity.
- The Production Decoupling model, where idea generation is separated from production, has proven perfectly suited to Wellcom, where creative agency ideas are executed more often, quickly and cost effectively.

Location Photography

DISCOVERING WINTERFUL WITH TARGET AUSTRALIA

A highly skilled photographic team led the creation of campaign imagery and social videos that evoked Target's vision of 'Winterful'.

Studio Photography

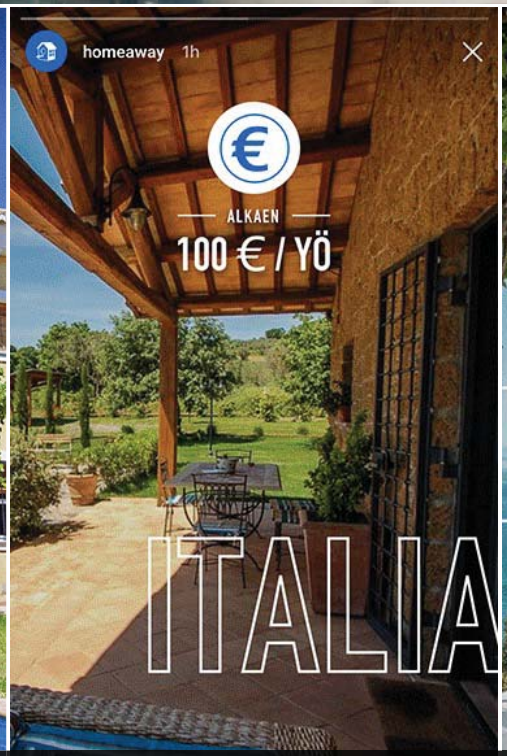
WOOLWORTHS GROUP PHOTOGRAPHY

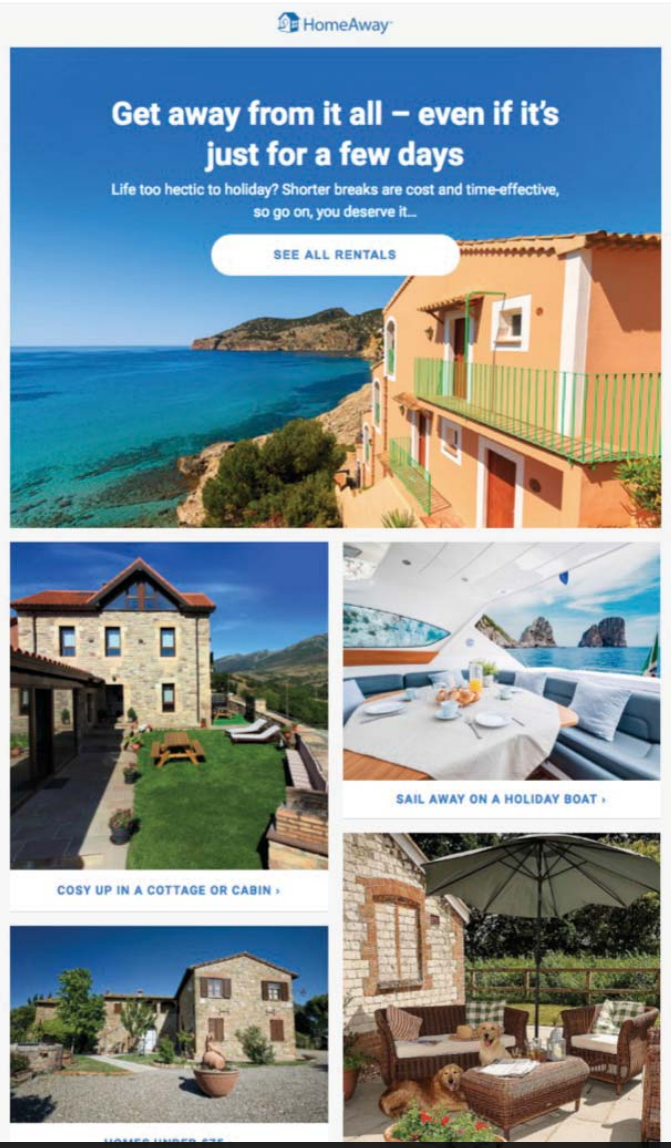
High-quality photography spanning multiple campaigns including Mother's Day, Prices Dropped, Bakery and a Fresh Christmas.

Creative Design

COPPER CREEK LAUNCH CAMPAIGN

A fully integrated campaign consisting of branding, print, virtual event, email, site design, banner advertising, social media and more.

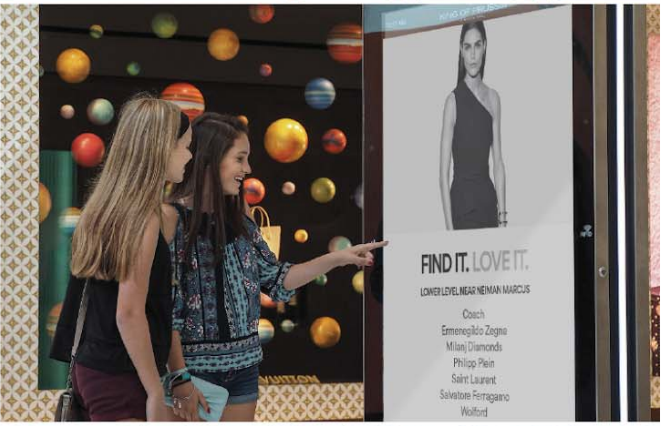




Global Digital Production

ALWAYS ON CAMPAIGN FOR HOMEAWAY

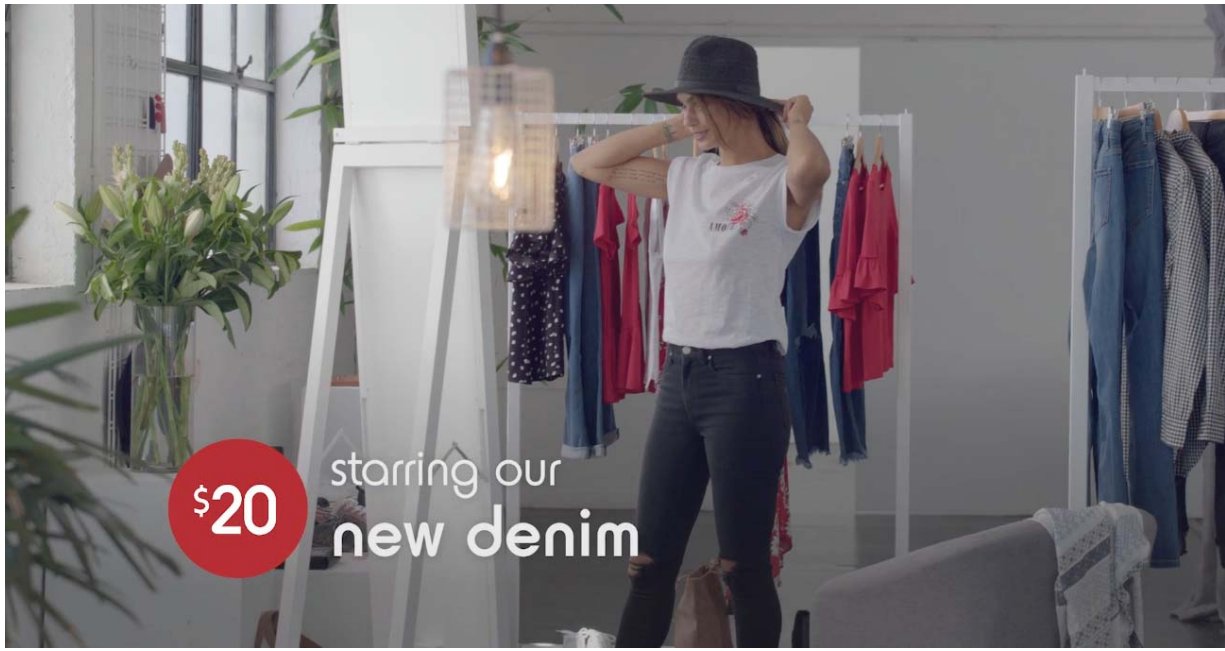
A centralised London team managed the creation of the campaign's digital collateral; transcreating the final artwork for multiple audiences with our specialist in-house transcreation team.

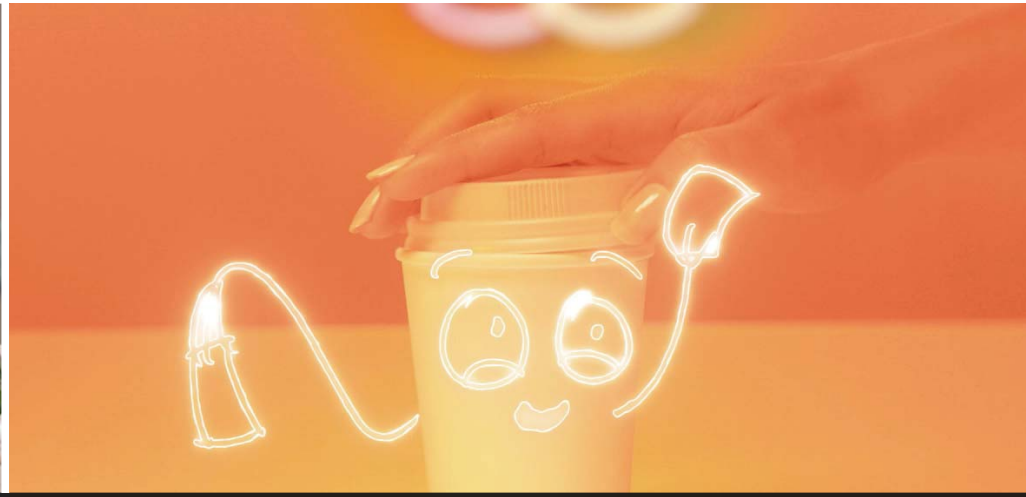


Omni-Channel Marketing

SAVOR WESTCHESTER LAUNCH FOR SIMON MALLS

Promoted the launch of a high-end food court with emails, banners, digital, signage catalogues and postcards to drive awareness.

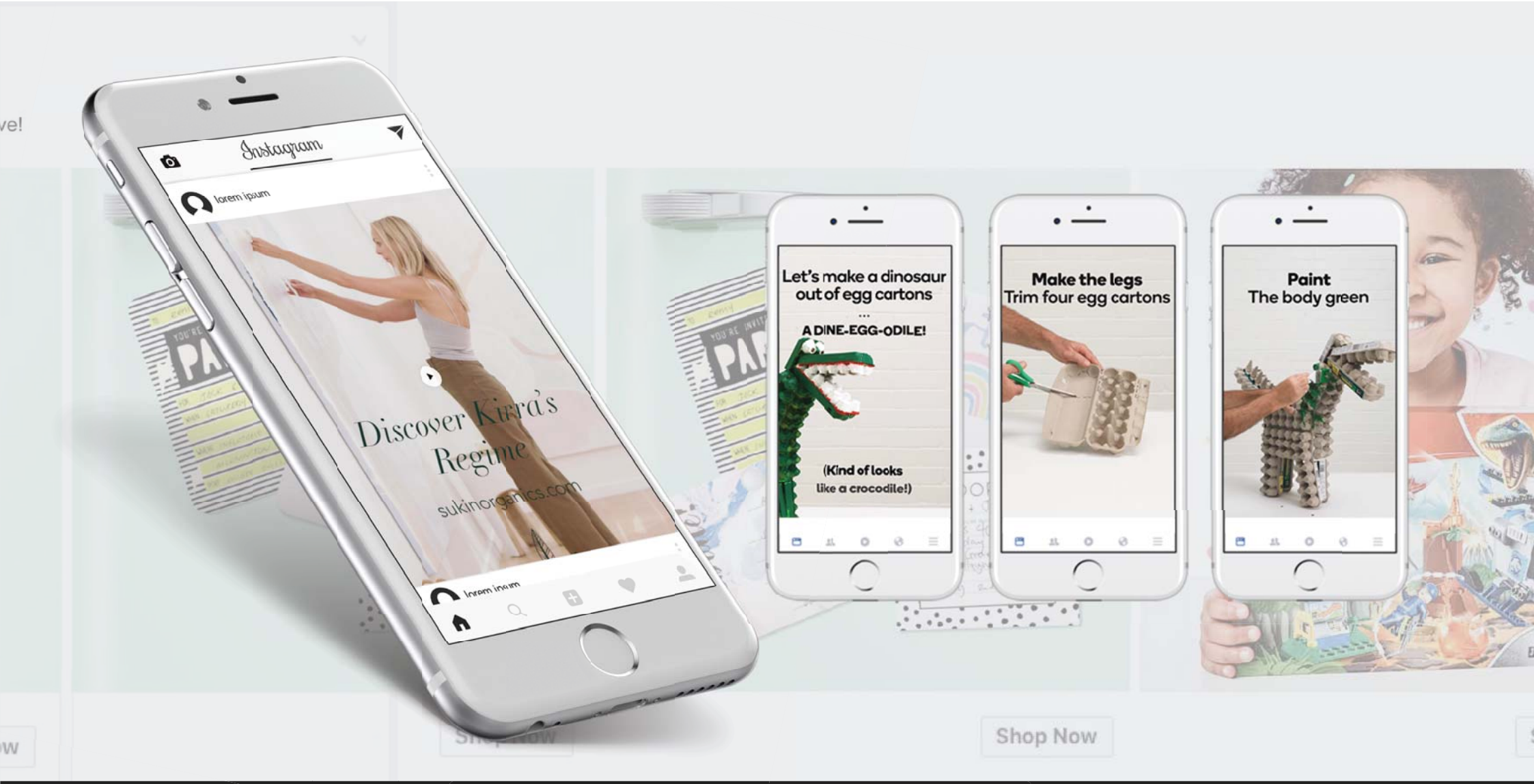




Video Production

A DIVERSE PORTFOLIO

From social videos to TV commercials we create engaging video for clients across multiple industries with unique audiences.



Social Media

VIDEO, PHOTOGRAPHY, COPYWRITING & DESIGN

Increase in social media content creation across all clients and markets.

KEY RESULTS

- Net revenue increased 9%
- Earnings before interest and tax increased 11%
- Total dividends declared for the year of 46 cents per share, up 100% on FY17

	FY18 ($M)	FY17 ($M)	CHANGE (%)
Statutory revenue	155.17	145.17	6.9
Net revenue*	107.62	98.69	9.0
EBITDA	20.49	18.73	9.4
EBIT	17.68	15.97	10.7
Net profit for the period	11.72	10.63	10.3
EPS (cents)	29.92	27.12	10.3
DPS (cents)	21.0	23.0	(8.7)
Franking (%)	100	100	-
Special DPS (cents)	25.0	-	-
Franking (%)	100	-	-
Return on net assets (%)	19.40	16.11	20.4

* Net Revenue excludes Print Management and other pass through costs.

SUMMARY OF FINANCIAL POSITION

- Strong financial position
- Capital expenditure includes $0.6M for new business wins and $1.4M for office relocation/fit-outs
- Cash conversion of 74% (FY17: 54%)

	FY18 ($M)	FY17 ($M)
Cash & debtors	32.98	29.15
Inventories and work in progress	2.23	1.73
Intangibles (goodwill)	47.60	46.88
Intangibles (software development)	1.86	1.51
Debt	10.23	0.14
Equity	60.43	65.96
NTA per share (cents)	28.87	46.26
Debtor days	50	48
Working capital ratio	1.70	1.76

	FY18 ($M)	FY17 ($M)
Capital expenditure	3.75	1.19
Net cashflows from operating activities	15.09	10.11

FY18 GROUP RESULTS

- Improvement in group margins to 19.7% (FY17: 19.2%)
- FY18 restructure costs include $609K related to the UK segment
- Group effective income tax rate of 33% (FY17: 33%)

	FY18 ($M)	FY17 ($M)	CHANGE (%)
Statutory revenue	155.17	145.17	6.9
Less: pass through costs	(47.55)	(46.48)	2.3
Net revenue	107.62	98.69	9.0
Results from operating activities	21.20	18.97	11.8
Margin	19.7%	19.2%	2.6
Unallocated & restructure*	(3.53)	(3.00)	17.7
Net interest expense	(0.27)	(0.07)	285.7
Income tax expense	(5.69)	(5.27)	8.0
Net profit for the period	11.72	10.63	10.3

* includes $932K of restructure costs in FY18 (FY17 $473K)

AUSTRALASIA

- Increase in net segment revenues of 6% to $56.9M
- Increase in segment result of 7% to $13.4M
- Malaysia Centre of Excellence headcount growth of 56%, continuing to leverage low cost production
- DSO of 40 days (Jun 18) from 45 days (Jun 17)

	FY18 ($M)	FY17 ($M)	CHANGE (%)
Net segment revenue	56.92	53.59	6.2
Segment result	13.39	12.53	6.9
Margin	23.5%	23.4%	0.4
Staffing	354	317	11.7

UNITED KINGDOM

- Increase in net segment revenues of 3% to $18.2M
- Tesco Knowledgewell software implementation completed 1H18
- New business wins including Mother (advertising agency) and HomeAway (Expedia)
- DSO of 49 days (Jun 18) from 53 days (Jun 17)

	FY18 ($M)	FY17 ($M)	CHANGE (%)
Net segment revenue	18.21	17.65	3.2
Segment result	1.44	1.52	(0.5)
Margin	7.9%	8.6%	(8.1)
Staffing	74	89	(16.9)

UNITED STATES

- Net segment revenues up 18%
- Strong improvement in margin and earnings
- Recent new business wins include Welspun (Design), Southeastern Grocers (Technology) and Red Lobster (Digital)
- DSO of 64 days (Jun 18) from 60 days (Jun 17)

	FY18 ($M)	FY17 ($M)	CHANGE (%)
Net segment revenue	32.49	27.46	18.3
Segment result	6.38	4.92	29.7
Margin	19.6%	17.9%	9.5
Staffing	116	101	14.9

FY19 KEY INITIATIVES

- Integrate and consolidate global new business wins.
- Continue organic growth drive through social, digital and video production services.
- Align offering and brands (DippinSauce, thelab and Wellcom) in all key markets.
- Increase marketing activity in North America and United Kingdom.
- Implement a new global file management platform.
- Leverage and optimise group wide resources and continue to develop capabilities in Wellcom Malaysia.
- Automate low-value manual tasks associated with production administration.
- Deploy upgrades to Knowledgewell technology platform.
- Continue to target Global RFP's for Creative Production Decoupling.
- Further development in our company culture and staff wellbeing.
- Seek complementary acquisitions.

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