

FOCUS SIMPLIFY GROW

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SALMAT LIMITED
SHAREHOLDER REVIEW

2015

 salmat





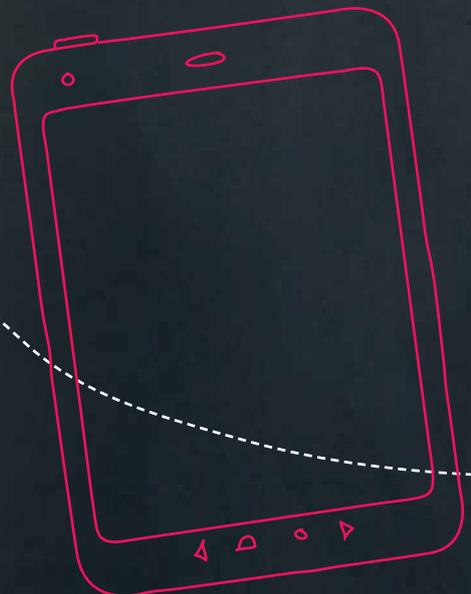
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SALMAT IS UNDERGOING A MAJOR TRANSFORMATION TO IMPROVE PERFORMANCE

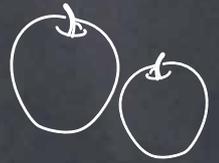
We have a clear objective: to achieve profitable, sustainable growth to secure Salmat's future and deliver a solid return on investment to our shareholders.

Focus

energy and investment in areas where Salmat is – or can be – the clear market leader. Reviewing our product and services portfolio and establishing a new marketing capability.



Grow



the business in a targeted, connected and profitable manner. Focussing our sales efforts and implementing a client-centric sales structure with targeted solutions.

UNDERGOING TRANSFORMATION PERFORMANCE

Simplify

every aspect of the business, so Salmat is agile, responsive, efficient and effective. Integrating IT and business operations, consolidating finance and HR functions.



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What we do:

**MEDIA
DIGITAL**



CONTACT

We get our clients closer
to their customers...
millions of them



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Salmat's **Consumer Marketing Solutions** division incorporates our Media and Digital services, including national letterbox distribution and online catalogues, ecommerce, email and SMS marketing, data services and search engine marketing.

CMS

CES

The **Customer Engagement Solutions** division comprises a multi-channel contact centre solution, enabling clients to connect with their customers across voice, email, webchat, SMS and social media communication.

Each year we...



DELIVER
4.8
BILLION
CATALOGUES



DIRECT TO MORE THAN
6.7
MILLION
HOUSEHOLDS



18 MILLION



OUR DISTRIBUTION NETWORK REACHES 18 MILLION PEOPLE TWICE A WEEK ACROSS AUSTRALIA... THAT'S 78% OF THE POPULATION



HANDLE
130
MILLION
CALLS



SEND MORE THAN
328
MILLION
MARKETING EMAILS + SMS

IN ALL, SALMAT ENABLES BILLIONS OF CUSTOMER INTERACTIONS EACH YEAR.



The past financial year has been a year of transformational change at Salmat.

The finalisation of the growth strategy major initiatives, the commencement of the business transformation program and the significant changes to the senior management team have marked a substantial shift in approach for the business as we address changing markets and margin pressures.

While the FY15 financial results reflect the internal focus of this transformation, the business is already achieving solid cost savings and is well-positioned for both top line and bottom line growth as we move into FY16.

PERFORMANCE OVERVIEW

Given the scale of activity taking place in FY15, there have been some remarkable achievements made by the Salmat team this year. Some of the key notable aspects of the past year's performance include:

- Salmat's financial results were in line with expectations, with revenue increasing by 10% on the prior year, and EBITDA of \$13.3 million at the upper end of the forecast \$11-14 million range.
- All of the remaining key growth strategy milestones were achieved, including finalisation of the Business Process Outsourcing separation and bringing the Reach platform to a stable operational state, with all but two clients migrated.
- The new leadership team was fully recruited and finalised, including a new Chief Operations Officer, Chief Sales Officer, Chief Marketing Officer, and Head of Organisational Change. A number of senior roles were also removed as part of an overall restructure.
- The business transformation has been fully mapped out and is well underway, with significant improvements and cost savings already achieved in operations; the product and services initial review completed; and the new finance and HR system – Workday – installed across the Group.
- In the midst of significant investment and change, Salmat has maintained a net cash position, with \$23.1 million at year end.

Several of the projects started in FY14 and continued in FY15 were of such a magnitude that they would normally be tackled individually and serially. The fact that several of these were successfully completed concurrently is testament to the focus and drive of the Salmat team.

STRATEGIC DIRECTION

Over the past several years, the nature of the markets in which Salmat operates has evolved at an accelerating rate. With the rapid uptake of mobile devices and social media, people interact with organisations and consume goods and services in a very different way to only a decade ago.

As such, Salmat consulted with clients and developed a strategy to divest the Business Process Outsourcing division; upgrade its consumer marketing and customer engagement offering via platform-based solutions; and transform the internal IT environment for future growth.

FY15 marked the second full year of this strategy, launched in July 2013. During the year, the BPO separation was concluded, the major investment and building phase was completed, service platforms were bedded down and the first phase of the IT transformation was finalised. This strategy has been a major undertaking that marked the most significant change in Salmat's history.

After the BPO divestiture, Salmat had been left with the costs and complexity of a much larger organisation. These overheads were eroding profits at an unsustainable rate.

Accordingly, Salmat has commenced a transformation process to address this issue, expedite a return to profit and establish the business for the next decade and beyond. This transformation is a two-year process that commenced in January 2015.

Already, significant gains have been made, as CEO Craig Dower details in his report.

SENIOR MANAGEMENT CHANGES

There were several appointments within the senior management team during the past year.

In December 2014, Mark Mulder was appointed to the role of Chief Sales Officer, having worked for the past few years in the CMS division.

In April 2015 there were three key appointments, with Chris Walsh taking on the redefined Chief Operating Officer role, covering the Salmat technology and customer service teams; Sarah Pike joining Salmat in the new role of Chief Marketing Officer, and Trish Kensell taking on the new role of Head of Organisational Change.

These appointments finalised the new executive team, which is a group highly experienced in corporate transformation.

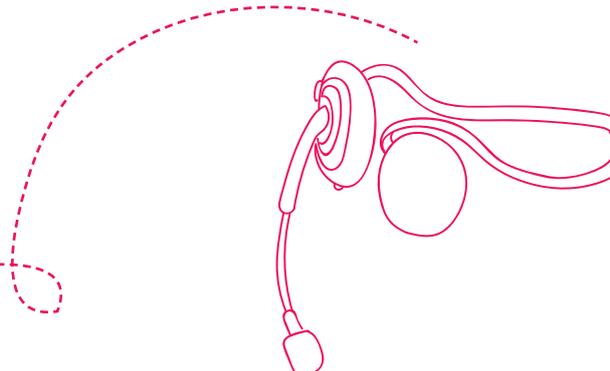
SHAREHOLDERS

Salmat has a history of returning good dividends to shareholders. This year was the first year since listing that we have not paid a dividend and that decision was not taken lightly.

Dividends are considered in the context of Salmat's established policy, which aims to pay dividends in line with business growth and profitability while ensuring adequate capital for continued development.

Given the financial results for FY15 and the need to preserve cash for business transformation and acquisitions, it was decided not to pay an interim or final dividend for FY15.

In FY16, we are intending to retain cash for the final acquisitions of Microsourcing and Fuse, both of which fall due during the year. The Board will review Salmat's capital management strategy – including dividends – towards the end of FY16.



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THANK YOU

The past few years have been a long road of investment, restructuring and transformation, but while challenging, this process has been essential for Salmat's long-term future.

Now that the key growth strategy work has been completed, the new executive team is in place and the business transformation is in full swing, we are starting to see Salmat's financial results tracking back in the right direction.

I'd like to extend sincere thanks on behalf of the Board to the Salmat team for your valued effort over the past 12 months. We appreciate the significant amount of work that has gone into building a better Salmat as we pursue our growth goals.

Thanks also to my fellow Board members for your ongoing contribution and of course to our clients and partners for choosing to work with Salmat.

Finally, thank you to our shareholders. Given the rapidly changing times and the current reinvention of the company, we greatly appreciate your patience and continued support.

Peter Mattick AM
Chairman



↑ 10%
REVENUE GREW BY 10%
ON THE PRIOR YEAR

Salmat is targeting a return to earnings growth and improved shareholder returns.
Peter Mattick AM, Chairman



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↑ **21%**
REVENUE GROWTH
IN CES

Salmat has three clear objectives: focus energy in areas where Salmat can lead the market; simplify every aspect of the business; and grow the business in a targeted, connected and profitable manner.

My first full year as CEO has been extremely busy and challenging, but also fulfilling, as the Salmat team has pulled together to complete several major projects of the past two years and commence the business transformation that will bring Salmat back to profitable growth.

We have established a new, experienced and diverse leadership team and structure, with deep experience in driving successful business transformations. I am thrilled at the calibre of leadership talent that we have across the business, both in the executive team and our broader leadership group. It is a highly focused and motivated team, fit for the challenges and opportunities ahead of us.

It is gratifying to look back at all the business has achieved, while recognising that the financial performance is not yet where it needs to be. That said, I am confident that the difficult decisions of the past 12 months and the investments we are making for the future will pay off over the next few years.

FINANCIAL PERFORMANCE

In a very challenging market, where growth was hard to find, our revenue was up by 10% on the previous year, at \$498.1 million, supported by both the acquisitions and contact centre growth, offsetting a drop of approximately \$6 million in revenue from strategically discontinued services, including door to door sales.

Underlying EBITDA was down on the previous year at \$13.3 million, but well within our forecast range of \$11-14 million, as investment in the growth strategy and business transformation impacted earnings. Employee cost savings and new business margin offset some of the investment costs.

↑ **3.7%**
REVENUE GROWTH
IN CMS

Increased depreciation and amortisation as well as net interest and tax expenses compared with prior year benefits in these categories contributed to an underlying loss of \$6.7 million for the year.

There were a number of one-off significant items in FY15. As announced in February, an impairment for goodwill in the CES division was recognised in the first half. This related to the decision to reduce focus on the door-to-door segment as well as the flow-on effect of delays in the Reach contact centre platform migration. Forecasts were revised based on known timings and market conditions.

An impairment for goodwill and intangibles in the CMS division was recognised in the second half. This relates to the product and services review across the business, particularly in digital services.

The remaining significant items included costs relating to the business transformation and rightsizing; a fair value adjustment for the Netstarter acquisition; and profit on the sale of some online media shares.

The considerable significant items net cost was the key contributor to a net loss after tax of \$98.0 million. Salmat also incurred a tax expense of \$3.6 million, compared with a tax benefit of \$3.2 million in the prior year.

Net cash reduced in FY15 but remained positive at year end, at \$23.1 million. The key outflows included dividends paid, capital expenditure and timing-related working capital movements. Salmat repaid borrowings and finalised a finance facility agreement for a two-year term in February 2015.

STRATEGIC PROGRESS

One of the most important priorities in FY15 was concluding the investment and build phase of the growth strategy that commenced in July 2013.

The BPO separation process – and particularly the underlying IT infrastructure network – proved far more complex than first anticipated. This project commenced in October 2012, was expected to take 12 months and cost around \$9 million. Instead, it took almost 30 months and cost in excess of \$20 million. The team completed the final network separation in March 2015 – a major milestone.

Likewise, the Reach platform build and migration proved more complicated than expected, and suffered the flow-on effect of the BPO separation issues. The platform migration was completed in October 2014 and the first major upgrade was completed in June 2015. All but two contact centre customers have now been migrated onto Reach. Again, this is a major milestone.

Successfully resolving these two programs was a highlight of FY15 and has freed valuable resources for other priorities, as well as enabled the commencement of related cost reductions.

The rationale of the growth strategy was to establish platform-based solutions to meet changing market needs for customer communication services. With the BPO separation complete, the overall size of Salmat was reduced. However, many of the underlying operations and processes remained geared to a larger and highly siloed business. The higher relative cost base was eroding margin at an unsustainable rate, while new revenue was delayed as the IT refresh and Reach migration extended.

The business transformation was initiated to rationalise, standardise and consolidate the multiple disparate systems and structures in place; unify Salmat's operations, sales and account management; improve client service levels; and improve overall efficiency. The objectives that underpin the transformation are to:

- **FOCUS** energy and investment in areas where Salmat is - or can be - the clear market leader.
- **SIMPLIFY** every aspect of the business so Salmat is agile, responsive, efficient and effective.
- **GROW** the business in a targeted, connected and profitable manner.

Results (in \$ millions except where stated)

	2011	2012	2013	2014	2015
FINANCIAL PERFORMANCE					
Revenue	863.9	823.9	467.6	452.8	498.1
Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)	109.6	103.5	36.3	18.2	13.3
Underlying earnings before interest, tax and amortisation (EBITA)	88.6	80.9	25.8	8.6	2.2
Net significant items included in the result (before tax)	(9.2)	(5.7)	(12.5)	(9.4)	(91.3)
Statutory net profit after tax (NPAT)	36.0	30.3	40.1	0.8	(98.0)
Earnings per share (cents)	22.7	19.2	25.4	0.2	(62.8)
CASH FLOW					
Operating cash flow	40.7	77.6	26.4 ¹	12.5	5.7
Cash capital expenditure	23.8	18.2	12.9	16.2	8.5
Net (debt) / cash	(258.3)	(241.6)	90.0	50.0	23.1
Interest coverage ratio (%)	6.5	4.9	99.1	NMF	7.3
Gearing (Net debt: net debt + shareholder funds) (%)	48.2	47.1	—	NMF	NMF
OTHER KEY MEASURES					
EBITDA margin (%)	12.7	12.6	7.8	4.1	2.7
Net profit margin (%)	4.2	3.7	8.6	0.2	(19.7)
Return on capital employed (%)	15.4	15.0	6.5	2.5	(1.0)
Employees (full time equivalent)	5,422	5,119	3,404	3,658	3,640
DIVIDENDS					
Ordinary dividends (cents per share)	24.0	19.0	11.5	15.0	—
Special dividends (cents per share)	—	—	21.0	—	—

1) Restated due to interest reclassified under investment activities.

PERFORMANCE AGAINST PRIORITIES

1. PRIORITY: Platform industrialisation – build world-class differentiated technology platforms.

PERFORMANCE: We successfully migrated the Reach contact centre Platform; completed the separation from the divested BPO business; and launched a new finance and HR system across the Group.

2. PRIORITY: Profitable revenue growth – focused management of market segments, services and resources.

PERFORMANCE: Salmat's sales structure was reviewed and overhauled in line with our new approach. Salesforce.com was rolled out; new sales incentives were established; and a more integrated and focussed sales approach was adopted.

3. PRIORITY: Invest in our people – within an innovative, values-based work environment.

PERFORMANCE: The organisational redesign was completed and the new structure implemented. New HR roles were also filled.

4. PRIORITY: Client offering – Build a product life-cycle roadmap across products and services.

PERFORMANCE: The new Chief Marketing Officer role was appointed and new marketing team put in place. The product and services portfolio review was completed and rationalisation is underway.

5. PRIORITY: Operational excellence – drive continuous improvement into everything we do.

PERFORMANCE: The IT and service delivery functions have been integrated, with improved process discipline and contract management across various delivery lines, linking the design, implementation and delivery stages.

Chief Executive Officer's report

As part of that process, we have built out a new senior executive team highly experienced in transformation (see page 11) and created the new roles of Chief Sales Officer, Chief Operating Officer, Chief Marketing Officer and Head of Organisational Change. This team has a clear vision for Salmat's future and brings a fresh perspective to its current operations.

We have also reviewed every aspect of the business in order to drive the best performance possible.

In pursuit of market leadership, we have undertaken a comprehensive product and services portfolio review. A number of products and services were either underperforming, or simply not core to our offering. With the review completed, we have commenced winding down or divesting a number of services, including door-to-door selling; kiosk-based selling; bespoke software development and eLearning. We will be focussing on the core capabilities of Letterbox, Contact and Digital. While this will rebase revenue in the short term, the longer term goal is profitable revenue.

In support of the revised portfolio we have also established a new marketing function and reviewed the structure and incentives around sales. Marketing and sales have been closely aligned to drive growth and get greater returns from our overall sales and marketing spend.

We have moved from a product focus to a client focus in our sales and marketing approach, with client executive roles for all strategic accounts, more targeted account planning and better forecasting tools and processes.

Immediately following year end, we launched Workday – a new integrated finance and HR platform that provides a single source of truth on all people and finance data, removes redundant back-end systems and permits greater cost transparency.

In operations, we have integrated the IT and business operations functions, consolidated the finance and HR functions and elected to take a 'cloud first' approach to all IT investments. We are also rightshoring where appropriate, to make best use of Salmat's international team.

Salmat is becoming a leaner, more efficient business and it is happening right now. Benefits are already being derived from these initiatives, including a reduced IT spend run rate, greater cost transparency and business insights and improved client service.

The next phase of transformation involves continued improvements to Salmat's offering, sales and service delivery and back office efficiency, as well as increased collaboration and reduced costs as the business migrates to the cloud-based Google for Work platform.

Approximately \$2.7 million in one-off costs were incurred during FY15 due to the transformation and we expect some further costs to be incurred in FY16. These measures are expected to deliver significantly more in cost savings.

OPERATIONS REVIEW

Consumer Marketing Solutions

Consumer Marketing Solutions (CMS) revenue of \$268.8 million (2014: \$259.2 million) was up by 3.7% on the prior corresponding period as catalogue volumes held steady and the acquired Netstarter and Fuse businesses both made a positive contribution over the previous year.

EBITDA was marginally down by 0.7% to \$27.1 million (2014: \$27.3 million), partly due to cost and pricing pressure in certain segments and higher volumes of lower-margin work during the year. Digital achieved improved earnings as a result of a more focused portfolio approach, targeting mid-tier clients, and moving relevant work off-shore.

Within Media services, Salmat continued to invest in the Letterbox suite throughout the year, driving further innovation and differentiation in both physical catalogue distribution services and the online offering. Letterbox offers market-leading geographic and demographic targeting, direct-to-walker distribution, a three-tiered independent delivery audit model, multi-channel delivery, real-time campaign analytics and the most comprehensive distribution network in Australia.

Catalogue distribution volumes held steady at 4.8 billion catalogues for the year, which outperformed the wider industry as well as other print media such as newspaper and magazine advertising. Major retailer volumes in particular remained strong and we successfully retained all major clients up for renewal in FY15.

Demand also remained strong for online catalogues via Lasoo.com and our clients' own sites, with a number of major retailers returning to the Lasoo site after reducing their online presence for a period.

Operating costs in the catalogue industry have increased in line with the tighter labour market and competitive pricing pressures remain apparent in some market segments. However Salmat's investments in innovation in the catalogue medium are helping to drive clear product differentiation and are resonating well with clients.

While traditional clients still represent the largest portion of revenue, Salmat continued to lift its profile in the media agency space during FY15, via sponsorships, popular industry events and further support and promotion of the self-service Swiftplan portal, which enables media agencies to easily book Salmat services in just minutes, rather than days. Our agency sales team was voted 'Media Sales Team of the Year' at the recent Mumbrella awards: a great acknowledgement of the innovation we are driving in the space.

We also saw strong growth in volumes – from a relatively small base – within the small-to-medium enterprise market and amongst franchise clients, who require local personalisation of materials within corporate standards. Salmat's Local Area Marketing solution particularly caters to this segment via a self-service website. Print sales from this channel were up more than 25% on the previous year.

Digital services continued to show mixed performance as some services grew strongly while others declined in line with shifts in market demand and client practices. Email marketing is one example of a rapidly-evolving model, where the trend has shifted from fully-outsourced, to clients taking campaigns back in-house, and finally back to a hybrid model of partial outsourcing, all within a few years.

Digital margins improved during FY15 as excess capacity was removed, costs reduced and efficiency improvements implemented. The mid-tier segment remains a sweet spot for digital services, both in retail and more diverse industries.

The Netstarter ecommerce business, acquired in FY14, experienced some delays with sales and implementations as key staff were involved with the integration and was also impacted by exchange rate fluctuations. The sales trajectory is now back on track but it will take some time to convert these to live jobs. Around 20 roles were added to the Sri Lankan team, which is undertaking some impressive work for existing and new Salmat clients.

Customer Engagement Solutions

Customer Engagement Solutions (CES) revenue of \$227.4 million was up by more than 20% on the prior year (2014: \$187.9 million). Key factors included new revenue from the Microsourcing acquisition and growth in contact centre revenue.

Revenue from Door to Door sales and other services was down on the previous year as we reduced focus on certain offerings in line with the overall portfolio review. The revenue gap from discontinued businesses was approximately \$6 million in FY15.

EBITDA of \$5.4 million was down marginally on the prior year (2014: \$5.5 million) but significantly higher in the second half compared with the first half. The residual Reach platform migration costs and other investment costs – including enhancements to sales capability – impacted earnings, while growth in the MicroSourcing business made a positive contribution.

Contact centre business increased by approximately 12% on the prior year, evenly spread across Australia, New Zealand and the Philippines. Most of the wins in Australia and New Zealand related to approximately \$19 million in additional work for current clients as we focussed on driving new business within existing accounts; while the Philippines achieved some good new name wins.

Finalising the Reach platform migration was a key focus for FY15 and the achievement of this marked an important milestone in the growth strategy. Some further upgrades to boost performance and enhance both operational and client-facing functionality are continuing, with this expected to be finalised by mid-FY16.

Service delivery on the new platform is industry leading: Salmat's ATO Technical Help desk won 'Victorian Contact Centre of the Year' in its category in the Auscontact Awards.

Within the Australian operations, several site consolidations in Sydney and Melbourne helped to reduce fixed costs and achieve approximately \$1 million in annualised rent savings. While there is still some spare capacity available, utilisation should improve moving forward. Salmat's 'nearshoring' New Zealand operation experienced slower growth than the previous year, as exchange rate movements closed the gap in pricing between the New Zealand and Australian offering.

In line with the shift in demand to offshore services, approximately 400 new seats were added to the MicroSourcing business, incurring some one-off investment costs.

It is anticipated that Salmat will acquire the remaining 50% of MicroSourcing in mid-FY16.

Salmat is now very well positioned in both the contact centre and broader outsourcing market, with multi-channel and multi-shoring capabilities now firmly established across Australia, New Zealand and the Philippines.

Following the departure of energy retailers from the door-to-door market in FY14, and on completing the wider product and services review, Salmat has elected to exit this market. This business is highly labour intensive with limited leverageable characteristics, and is limited in its ability to generate profit. The wind-down of this service will be completed within the first half of FY16, in accord with customer contractual commitments.

Salmat has also decided to divest the small Learning business that provided online training services to the corporate and government sectors. This business was not a core capability, and in line with our drive to focus on market-leading services, it has recently been divested.

Outlook

With the growth strategy bedded down and the business transformation accelerating, the next twelve months should see Salmat regain ground and begin to post improvements at all levels of the business.

The product and services rationalisation will reduce revenue by approximately 10% for FY16 and we are currently expecting to achieve top line growth of around 6-8% from this new base.

The rationalisation will also remove costs, as will the removal of redundant processes, systems and roles via the business transformation project. As such, we are expecting to achieve earnings growth in FY16, as we target EBITDA margins in the order of 7-10% over the next few years.



Craig Dower
CEO

With an extensive range of skills and experience, Salmat's Directors oversee the strategic direction and corporate governance of the business.

Peter Mattick AM
Chairman

Peter Mattick co-founded Salmat Limited in 1979 and served as its Joint Managing Director until his retirement from executive duties with Salmat in October 2009. Since that time Peter has remained as a Non-executive Director of the company and assumed the role of Chairman in November 2013.

Peter has served as Chairman and Director of the Australian Direct Marketing Association and is a member of the National Aboriginal Sports Corporation. He is a Fellow of the Australian Society of Certified Practising Accountants and the Australian Institute of Company Directors, a Governor of the Advisory Council for the Institute of Neuromuscular Research and Chairman of The Shepherd Centre. Peter was educated at the University of New South Wales where he gained a Bachelor of Commerce degree. Peter was awarded a Member (AM) in the General Division of the Order Of Australia in 2014.

Fiona Balfour
Non-executive Director (Independent)

Fiona is an independent Non-executive Director of Metcash Limited, TAL (Dai-ichi Life) Australia and Aircservices Australia; a Council Member and Treasurer of Knox Grammar School; a Member of Chief Executive Women; a Fellow of Monash University; and a Fellow of the Australian Institute of Company Directors. Fiona has over 35 years' experience working in enterprise technology across Aviation and Transport, Information and Telecommunication Services, Financial Services, Distribution and Logistics, the Education sector and not-for-profits.

Fiona is a former Trustee of the National Breast Cancer Foundation, former Chair of the St James' King Street Conservation Appeal, former Council Member of Chief Executive Women and is a former non-executive director of SITA SC (Geneva). Fiona holds a BA Hons (Monash), Dip IM (UNSW) and MBA (University of RMIT).

Ian Elliot
Non-executive Director (Independent)

Ian is a Non-executive Director of Hills Limited and McMillan Shakespeare Limited, a former Chairman of Promentum Limited and is currently a Commissioner of the National Rugby League. He is a Fellow of the Australian Institute of Company Directors. Ian is also a former Chief Executive Officer of George Patterson Bates and a graduate of the Advanced Management Program of the Harvard Business School.

Philip Salter
Non-executive Director

Philip Salter co-founded Salmat Limited in 1979 and served as its Joint Managing Director until his retirement from his executive duties with Salmat Limited in October 2009. Since that time, Mr Salter has remained as a Non-executive Director of the company. Philip entered the real estate business in 1972. In 1979 Philip and Peter Mattick formed Salmat, developing the business into one of Australasia's leading customer communications companies. Philip is a member of the Australian Institute of Company Directors.

John Thorn
Non-executive Director (Lead Independent)

John Thorn has been a Non-executive Director of Salmat Limited since September 2003. John is a professional Director and brings expertise to the Board in the areas of accounting, financial services, mergers and acquisitions, business advisory, risk management and general management. He has 38 years of professional experience with PricewaterhouseCoopers (PwC), where he was a Partner from 1982 to 2003 advising major international and Australian companies. He served on the firm's Board, was the Managing Partner of PwC's Assurance and Business Advisory practice and was the National Managing Partner of PwC until 2003. He has experience in Asia having lived and worked in Singapore and Indonesia. John is a Non-executive Director of Amcor Limited (appointed December 2004) and a former Director of National Australia Bank Limited (October 2003 - December 2014) and Caltex Australia Ltd (June 2004 - 2013). His Board committee experience includes Audit Committees (Chairman), Human Resources Committees, IT Committees, Nomination Committees and Risk Committees.

Mark Webster
Non-executive Director

Mark is presently Managing Director of the thoroughbred sales group, William Inglis and Son Limited. Mark has had extensive, hands-on experience in extending traditional businesses into the online environment, both in the media industry and in his current role. Mark has established the Inglis Digital division, which operates bloodstock.com.au and horsezone.com.au - both now market leaders. Mark has also served as Director on a number of Boards over the past ten years, including realestate.com.au and Nationwide News Limited.

Board of Directors

Pictured left to right



Salmat's senior executives are responsible for the day-to-day implementation of Salmat's growth strategy and maintaining robust business operations.

Craig Dower
Chief Executive Officer

Craig joined Salmat in April 2014, having previously held senior executive positions with Avanade across the Asia Pacific region. Based in Singapore, Craig was most recently President of Asia Pacific and China (APAC), after joining in 2007 as the Australian Managing Director. During his time with Avanade, Craig led the business through a major growth period, establishing APAC as the fastest growing region within Avanade. Prior to Avanade, Craig held senior executive positions with the Coles Group, EDS, Lucent and Malleons Stephen Jaques, as well as two private equity-owned technology companies. Craig has been in the Information Communications Technology (ICT) industry for 30 years. Craig has also served as a Director on several Boards, in both executive and non-executive capacities. Craig has successfully led both small and large-scale businesses through periods of significant change. Craig is a Fellow of the Institute of Company Directors, a Fellow of the Australian Institute of Management and a member of the Australian Computer Society.

Rebecca Lowde
Chief Financial Officer

Rebecca joined Salmat as Chief Financial Officer in August 2014, following five years as CFO of Bravura Solutions, a financial software and service provider. She also served on the Bravura Board as an Executive Director and played a key role in its privatisation from an ASX-listed business. Rebecca has more than 20 years of experience in finance and international operations and has held senior executive positions in Australia, Europe and Asia, for businesses including Business Objects, Lexmark and Oracle.

Chris Walsh
Chief Operating Officer

Chris Walsh joined Salmat in December 2014 and was appointed Chief Operating Officer in April 2015. Chris is responsible for all aspects of technology, three operating units, and overall business operations. Prior to this, Chris was a Director at Information Services Group, and has also managed large-scale operational management and business transformation programs for some of Australia's largest enterprise companies including Telstra, Qantas, Westpac and David Jones.

Kathleen Forbes
General Counsel

Kathleen joined Salmat in 2011 as General Counsel, and brings over 20 years of commercial legal experience to the role. Prior to joining Salmat, Kathleen held General Counsel and Company Secretarial roles for the Staples group in Australia and New Zealand, and was Legal Counsel at Tenix. Kathleen spent the first five years of her legal career at the national law firm Clayton Utz. Kathleen is admitted as a solicitor of the NSW Supreme Court.

Trish Kensell
Head of Organisational Change

Trish Kensell joined Salmat in September 2013, having previously spent four years implementing large-scale change programs for Westpac and the Commonwealth Bank of Australia. Trish's overseas experience includes four years as the UK Head of Organisational Change Management for Ericsson Managed Services North Western Europe and three years as Executive Director of Skill & Will China in Shanghai. Trish has also worked in senior HR roles in the IT industry and is a registered psychologist.

Mark Mulder
Chief Sales Officer

Mark Mulder joined Salmat in 2012 with over twenty years of experience leading large teams across complex projects in Australia, the United Kingdom, South Africa and Asia. He was appointed as Chief Sales Officer in December 2014. Prior to Salmat, Mark held senior management roles at Accenture, Xtempus Mobile Software, Virgin Media and SingTel Optus. Mark currently sits on the boards for Local Measure, Fuse Partners and ReachMedia.

Sarah Pike
Chief Marketing Officer

Sarah joined Salmat in April 2015 bringing over 18 years of experience in the telecoms, mobile, TV, technology and digital sectors. Sarah was most recently Vice President Product Marketing at Optus and has also worked with BT and The Carphone Warehouse in London, where she was one of the founding members of start-up telco TalkTalk. Sarah has significant experience in multi-channel marketing and the smart use of big data and analytics, having driven campaigns across retail, field marketing, digital and outbound telesales.

Julie Stuart
Chief People Officer

Julie joined the company in August 2014 with over 17 years of international experience in high-growth, technology-based business environments. For 13 years Julie held senior HR roles within Avanade, most recently in the role of Asia Pacific HR Lead. Prior to this, Julie held roles in HR in software, development, IT recruitment agencies and hotel management. Julie has extensive experience in talent management, organisational change, leadership development, culture, diversity and inclusion and talent acquisition.

Senior Executives

Pictured left to right



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0.17/m
HOURS
LOST TIME INJURY
FREQUENCY RATE IN FY15



\$92,574
DONATED
VIA SALMAT'S CHARITY
PROGRAM THIS YEAR

Salmat is committed to sustainable and socially responsible business operations. We aim to take care of our people, our communities and our environment in our day-to-day activities.

PEOPLE

Salmat has always recognised that our people are central to our success, and places great importance on a happy and engaged workforce. We are proud to have been named an employer of choice on more than one occasion and strive to make Salmat an enjoyable, safe and supportive place to work, enabling employees to perform at their best.

During the past twelve months, the focus for the People team has been on supporting employees through the significant change taking place within the organisation, while leading the charge on organisational design and restructuring for the future.

A new three-year People strategy has been developed alongside the business transformation strategy and several key appointments made within the team, aligning Salmat's staff requirements and capabilities with the overall strategic and operational priorities.

The launch of the new Workday finance and human resources system was a major focus for FY15. This new platform went live at the end of June and provides an important new single 'source of truth' across the whole organisation. Employee-related information and processes including leave management and expenses processing are all centrally managed through the new platform, providing significant efficiency gains over the previous disparate, manual and paper-based systems.

Salmat employs specific policies and practices to ensure that all employees are treated fairly and equally throughout their career at Salmat.

With more than 3500 employees in many different roles across four countries, Salmat has a truly diverse workforce. Salmat's Diversity and Inclusion Council is a group of employees from across the business that works together to implement local activities, programs and initiatives to inform and educate people about diversity issues.

Salmat has also implemented programs to support women into leadership roles, recognise and reward high achievers, promote awareness of Indigenous issues and provide a range of employee assistance and benefits.

In the coming year, Salmat's People team will be focussing on leadership development, talent management, succession planning, supporting an engaged workforce and rightshoring. There will be a particular emphasis on training, with the creation of a new Organisational Design & Leadership role to oversee this important area.

Salmat has also been building on the company-wide values survey done last year and will undertake further activities in late 2015 to help measure and promote values and behaviours consistent with a high-performing culture.

HEALTH AND SAFETY

Salmat maintains a proactive and preventative approach to health and safety matters. During the past twelve months, we have continued to excel with our results in this area, maintaining solid year-on-year improvements.

During FY15, our Work Health and Safety Management System has been redefined to include 'Safety and Wellness'. This approach extends our previous focus on safety and incident prevention to a program that also targets 'wellness' – defined as 'an active focus on improving body and mind'.

We have also created our own unique internal branding for Safety and Wellness to raise awareness and better promote our offers to employees.

In particular, Salmat has continued to focus on mental health this year, aiming to reduce the stigma associated with mental illness and provide support to our people for issues relating both to work and other aspects of life.

We have introduced Mental Health First Aiders to our key sites and established a comprehensive new Employee Assistance Program in Australia. We see this as an important initiative supporting improved productivity, culture and overall workplace health.

The safety results for FY15 show a fantastic improvement, with our 12 month rolling average on the recordable Lost Time Injury Frequency Rate coming in at 0.71 per million hours worked. This improves on last year's result of 1.17. We continue to reduce our paid claims and the overall claims costs in line with strategies embodied in our three year plan. Additionally, we maintain an open paid claims figure that is lower than at any time in our recent history.

Salmat is proud of our achievements in this important area of the business and we have entered into several awards to recognise those efforts. We have put forward entries this year including WorkCover NSW for our Media operational site, WorkSafe Victoria for our Media site, and also the NSCA Awards for our continual improvement of our Safety Management System.

COMMUNITY

Salmat has long supported various charity and community-based initiatives, both at a corporate and a grassroots level with direct employee involvement.

Salmat's primary channel for community support is our Activate program, which assists a range of charities selected by an employee committee. Salmat employees are able to nominate a regular donation that is deducted from their salary, with every donation matched dollar-for-dollar by Salmat.

In FY15, a total of \$92,574 was donated through the Activate program to three employee-nominated charities: Father Chris Riley's Youth Off The Streets, in support of a music program; the Carly Ryan Foundation, which helps to educate children about online safety; and Anglicare's Star Bear program, which supports children aged 5-12 years who are grieving the death of a parent, sibling, carer or other significant person.

Salmat also sponsors young sporting achievers from time to time. In FY15 we continued to sponsor upcoming swimmer Thomas Fraser-Holmes, who won several medals at the Pan Pacific Championships in August 2014 and bronze at the World Championships held in Russia in mid-2015.

In FY15, Salmat launched a new annual scholarship, established to support rural and especially indigenous students attending the University of NSW Business School. The Salmat Scholarship in Business is valued at \$20,000 and will help with the cost of on campus accommodation for up to three years for high-achieving undergraduate students.

ENVIRONMENT

Salmat continues to be aware of and identifies its key exposures and risks regarding the environment, focussing on our Reduce, Reuse and Recycle program.

We have reviewed our environmental risks and exposures in FY15 across all of our operations and have redefined and improved our procedures relating to those areas where we could potentially contribute to environmental harm. Procedures have been developed to ensure that the necessary controls are in place and available to all employees. This is a marked improvement on our previous system controls and provides us with more confidence in the way we manage our environmental impacts. While Salmat's operational outputs represent an overall low environmental risk, we maintain an active focus on awareness and prevention.

We maintain internal monitoring with full reporting for all environmental hazards or incidents as a natural extension of our Safety system. Our current three year plan for Health and Safety also includes six key initiatives for the environment and the progress towards these initiatives is on track and reported monthly to our senior management teams. These reports are also made available to all employees through monthly dashboard reports.

Our recycling providers are regularly reviewed by our procurement teams as we recognise the importance of controls around the disposal of our outputs in protecting the environment. Our largest environmental impacts come from our Media operations and the control of our plastics, cardboard and paper by-products and waste relating to those services are locally managed. This includes on-site segregation and controlled disposal through our approved providers.



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Fiona Balfour Non-executive Director (Independent)
Ian Elliot Non-executive Director (Independent)
Philip Salter Non-executive Director
John Thorn Non-executive Director (Lead Independent)
Mark Webster Non-executive Director (Independent)

Company Secretary
Stephen Bardwell

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Stock Exchange Listing

Salmat Limited shares are listed on the Australian Securities Exchange.
ASX code: SLM

Annual General Meeting

The Annual General Meeting will be held at:
10.00am Friday 27 November 2015

Museum of Sydney

Corner Bridge and Phillip Streets
Sydney NSW 2000

Please refer to the formal Notice of Meeting for full details.

Key dates

Annual General Meeting 27 November 2015

Half year results February 2016

Full year results August 2016

The Australian Securities Exchange will be notified of any changes to these dates.