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ASX Release

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STW REAFFIRMS EARNINGS GUIDANCE AND FURTHER IMPROVED CAPITAL POSITION

Trading Update and Earnings Guidance

STW Communications Group Limited ("STW Group" ASX: SGN), Australasia's leading marketing, content and communications group, today reconfirmed guidance of double digit NPAT growth for the full year 2010 as announced at its' AGM in May.

CEO Mike Connaghan said: "With the benefit of May trading now under our belts and preliminary indications on June trading, we can now confirm that we expect to report a stronger than expected result for the half year to 30 June and we remain on track to deliver double digit underlying NPAT growth for the full year 2010. As previously stated, we remain comfortable with recent analyst consensus for underlying NPAT growth in the mid teens in percentage terms.

Pleasingly, our revenue and profit growth reflects improved performance across all our communication disciplines. Macro-economic drivers and operating conditions across our customer base continue to be mixed. Accordingly we will need to continue to work hard for growth. Notwithstanding this we remain very confident in our outlook."

Net Debt Position and Future Earnout Liabilities

STW advises that expectations for Net Debt at 30 June 2010 will be significantly below the level shown at 31 December 2009 and current expectations for earnout liabilities at 30 June 2010 will be consistent with the balance outstanding as at 31 December 2009.

CFO Lukas Aviani said: "We have continued our tight focus on capital management. We have seen further improvements in working capital in the 6 months to 30 June and this has enabled us to further reduce net debt and overall gearing levels (including earnout liabilities).

We remain very comfortable with our capacity to service our remaining earnout liabilities given their quantum and payment caps that are in place. Approximately 75% of our existing earnout liabilities will have been paid within the next 18 months.

The company has existing debt facilities of circa \$269 million. Relationships with our core bankers remain extremely strong and we will announce details regarding new debt facilities in line with STW's overall financing requirements during the second half."

For further information contact:

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