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STW Group Consolidates Leadership In Shopper Marketing And Path To Purchase Capabilities With Active Display Group Acquisition

Sydney, June 26, 2014: STW, Australasia's leading marketing content and communications services group, has bolstered its shopper marketing and path to purchase capability with the acquisition of retail marketing solutions company Active Display Group.

Active Display Group is Australia's largest Point of Sale Display and Signage organisation, with design and manufacturing facilities unmatched in Australia. More than 390 staff work across Active Display Group offices in Sydney, Melbourne, Brisbane and Hong Kong. Founded in 1985, Active Display Group has experienced strong growth year on year, constantly expanding its service offering in response to market demand and opportunity. It is now the largest organisation of its type in the region, and is widely viewed as being at the top of the Australian Point-of-Purchase display industry.

Active Display Group provides a range of specialist marketing collateral services including full service retail marketing material solutions, research and development, production and sourcing, storage, logistics, kitting, fulfilment and installation, shopper-focussed display design, large format printing, in-store brand and category management, temporary and permanent promotional displays (including counter, window, digital and interactive), in-store promotions and activations, store fit outs, signage and visual merchandise. Through its subsidiary AFI Branding, the group also provides corporate and event branding and exhibition services.

STW's CEO Michael Connaghan said the investment was a 'perfect fit' with STW's strategy of broadening capabilities to meet changing client needs, and enhancing STW's ability to service clients' entire budgets.

"I explained at the AGM how more and more of client budgets are being spent in what's called the 'Place' sector of the customer journey. The more marketing becomes data driven and digital, the more critical than ever is the consumer experience in store and at point of purchase. STW already has extensive, leading capability in key areas of shopper, point-of-purchase, experiential, activation, shopper insights and logistics management, and the addition of Active Display Group enhances our offering perfectly. It will enable us to have a much broader relationship with clients, who increasingly are looking for a more holistic solution.

"Active Display Group is a leader in the field of providing marketing material solutions to the Australasian market, with some of the country's most outstanding clients on its roster. It also has a strong, experienced and motivated senior leadership team ready to move the business into its next phase of expansion.

"Active Display Group is a very impressive business. They have built a business of scale, superior creativity and are at the forefront of helping their clients manage crucial investment in building entertainment and value-add into the retail experience."

"We anticipate it will provide significant benefits to our clients operating within the 'Path to Purchase' and retail fields, given its ability to provide an end-to-end service to meet all marketing collateral needs. It fits well within the STW Group and has already executed a number of successful projects with other STW agencies. We're excited to have them join the STW family. We're excited and confident about our ability to make this sector of our business a key growth platform for the future," Mr Connaghan said.

Active Display Group's CEO David Gittus said the move to join STW Group would enable the business to move into its next phase of growth, while accessing a broad range of services to benefit existing clients.

"To ensure we maximise our growth potential both locally and in Asia, it was important we found the right partner to move with us through our next phase of expansion. Our two organisations are closely aligned, with



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a focus on digital, a firm eye on growth in the broader region while having a strong presence right here in Australia.

“Working with the STW Group we’ll be able to access a broader range of shopper and retail services while providing our end-to-end collateral solutions to a wider market. On that basis alone, STW Group is an excellent fit for the business. In addition, we believe we’ve found a long term home for sustainable growth given the focus of both groups on looking out for ‘what’s next’ in the world of marketing at retail.”

A separate investor presentation has been lodged with the Australian Securities Exchange.

Ends.

For more information contact Rebecca Tilly, STW PR: +61 410 501 043

STW GROUP

ANNOUNCES SIGNIFICANT ACQUISITION
IN RETAIL/SHOPPER MARKETING
SECTOR.

IDEAS
CREATE
GROWTH

ACTIVE DISPLAY GROUP

- Active Display Group (ADG) is Australia's largest provider of retail marketing solutions.
- Industry pioneer with 20 years operating experience.
- CY14 revenues circa \$85 million.
- EBIT margin circa 10%.
- Compound earnings growth circa 20% p/a over past 5 years.
- Comprehensive end to end solution:
 - Creative Design
 - Project Management
 - Production/Digital
 - Logistics and Installation



ACTIVE DISPLAY GROUP

- ADG designs, manufactures and implements retail marketing campaigns – from seasonal promotions to permanent in-store fixtures.
- ADG is capable of meeting 100% of its brand and retailer clients' shopper engagement requirements.
- ADG has 390 staff working across Active Display Offices in Melbourne, Sydney, Brisbane, Hong Kong and China.
- Broad category spread – fashion, FMCG, telco, grocery, route, entertainment and sport.
- Cost and skill competitive - scale, technology, supply chain.
- ADG's blue chip clients include Target, Revlon, 7-Eleven, Telstra, Cotton-on, Myer, Hungry Jacks, Bluescope, Rebel and Coles.

OUR STRATEGY

BIG AT HOME

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



EVOLUTION/FUTURE PROOFING

- _ Digital ubiquity across group
- _ Incubate new ventures
- _ Build specialist data capabilities
- _ New services e.g shopper
- _ Continue strategic investments & acquisitions



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



← ABILITY TO SERVICE 100% OF CLIENTS MARKETING BUDGETS →

ACTIVE DISPLAY GROUP FITS THE STW STRATEGY

BIG AT HOME:

- Gives us scale in shopper/in-store.
- A growth segment – faster growth than the market as a whole.
- Brings big new relationships into the STW Group.
- Big crossover opportunity with broader STW.

SERVICING 100% OF CLIENT MARKETING BUDGETS:

- STW under strength in shopper/in-store channels.
- This is a game changer.
- Can build a compelling end to end model when knitted together with other STW companies in the space.
- Brings added revenue and capability in South East Asia.

EVOLUTION OF STW GROUP REVENUE



STW SHOPPER MARKETING comprises 11 specialist companies, which can provide an unprecedented range of complementary services to help clients plan, create and deliver the latest innovations and shopper marketing programs.



amblique catalyst
marketing, communications & online

colmar brunton.

evocatif HOED
BUILDING BRANDS WHERE IT COUNTS IMPROVING THE CUSTOMER EXPERIENCE

TRIBE feedbackasap

OgilvyAction SMOLLAN

MARKITFORCE TAGUCHI
No Trace on Film digital measuring system

\$69m REVENUE + **\$85m REVENUE**

ACTIVE DISPLAY GROUP

STRATEGIC OPPORTUNITY & RATIONALE

- Segment in strong growth.
- Highly fragmented market – ADG is the regions No. 1 player.
- Media fragmentation makes it more difficult to reach consumers – point of purchase more important for marketers than ever.
- Retailers under pressure from on line – must provide compelling retail environment/experience – “retail theatre.”
- Provides direct measurable results to brand owners.

STRATEGIC OPPORTUNITY & RATIONALE (cont.)

- Brings immediate scale to our retail/shopper business.
- Opportunity to build an end to end shopper/in-store opportunity is increasingly apparent. We now have the building blocks.
- Asian growth prospects strong. 10% of revenue in Asia achieved with minimal effort.
- Client crossover – significant.
- ADG – culture of innovation, quality and focus on results.
- Significant cost out and efficiency opportunities.
- ADG already collaborates with a number of STW Group companies – excellent cultural fit.

FINANCIAL SUMMARY

- Acquisition consideration represents <5.0x ADG's forecast CY 2014 EBIT.
- Earnout through to CY 2019.
- Acquisition expected to be earnings per share accretive to STW in CY 2014 on a stand alone basis. Revenue and cost synergy opportunities will drive incremental benefits.
- Total consideration comprises \$35.2m at completion, deferred amounts of \$7.5m, and a capped earnout based on achieving performance measures.
- Completion consideration to be funded from cash and increased debt facilities.
- Intention to implement a DRP for the next 2 dividend payments.
- May AGM guidance unchanged – ADG acquisition to deliver additional earnings.
- Completion targeted for July subject to customary conditions precedent.

THANK YOU.

IDEAS
CREATE
GROWTH