

STW GROUP TAKES FIRST STEP INTO ASIA WITH THREE DIGITAL LEADERSHIP INVESTMENTS

**Establishes significant capability in digital strategy and offshore production
Focuses on the emerging markets of South East Asia**

Sydney, December 12, 2011: STW Group, Australia's largest marketing content and communications group, today announced three significant investments in fast growth businesses in the emerging economies of South East Asia.

The investments include:

- a majority position in **Edge Marketing Ltd**, Indochina's largest independent marketing agency, with major offices in Vietnam and also in Thailand;
- a majority position in **Bullseye**, one of Australia's leading independent integrated digital marketing and technology services businesses, with the largest integrated digital production facility in Indonesia;
- the opening in Jakarta and Singapore of offices of **Alpha Salmon**, a wholly owned and highly successful STW Group digital solutions business.

STW Group Chief Executive Officer Michael Connaghan said: "We told the market in February of our three pillared strategic growth focus; to drive more growth out of our leadership positions in Australia and New Zealand, to continue to grow and dominate in digital, and to selectively and carefully expand our footprint into new markets in Asia.

"Our investigations in Asia clearly demonstrated we have IP and capability within STW which we can export and grow fast in Asia, both through opening our own capabilities in the right markets, and also by investing in and then adding momentum and differentiation to leading and established 'on the ground' businesses. We also found STW Group's 'local' characteristics and accessibility was warmly welcomed by potential vendors. This has enabled us to essentially cherry-pick our first step into Asia, and we're delighted with the outcome."

The three investments are:

- **Edge Marketing Ltd:**
STW has acquired a majority position in the largest independent marketing agency operating in Vietnam and Thailand, with principle offices in Bangkok, Ho Chi Minh City and Hanoi. Edge is a creative agency specializing in data, digital and direct marketing disciplines.

In Thailand, Edge is a leader in digital media planning and buying, social media, performance media and digital content management.

Since it was founded in 2004, Edge has grown to more than 400 employees, working with major clients across the region including Diageo, Citibank, Mead Johnson, Microsoft, Samsung, HSBC and many of the region's leading local companies.

“The cultural fit between Edge founders David Appleton and Patrick Loram, Thailand senior executives Nam Do and Nathilda (Tuk) Rathanawut and STW was powerful from the outset,” Mr Connaghan said. “Edge feels like an STW business. It is perfectly positioned in the high potential Vietnam and broader Indochina market to grow quickly, particularly with STW’s backing. We are also extremely optimistic about expanding the Thailand capability, and partnering with Edge to expand into other South East Asian markets in time.”

- **Bullseye:**

STW has acquired a majority position in Bullseye, one of Asia Pacific’s leading integrated digital marketing and technology services agencies. In addition, Bullseye’s Digital Business Solutions division provides a range of web based business solutions to thousands of businesses around the world.

Co-founded by Jim McKerlie and Jason Davey in 2000, Bullseye has a staff today of more than 100 and offices in Sydney, Melbourne, Brisbane, and two offices in Indonesia. Clients include Austrade, Blackmores, Lend Lease, Goodman Fielder, Westpac, Bupa and Roche.

“Bullseye offered us the best of both worlds,” Mr Connaghan said. “First, a leading, highly competitive and fast growing Australian based digital marketing leader to add further fire-power to the market leading STW stable of digital companies. Second, Bullseye brings a proven, large-scale integrated digital production hub in Indonesia which, alongside Alpha Salmon, is ideally placed to offer efficiencies to STW-wide digital production requirements and help fuel our growth into Asia.”

Bullseye first opened a Bali office in [2006], and built it as an integral part of the Bullseye service delivery model. The facility today has a staff of 60, housed in a modern, secure production facility and with an established market position as an employer of choice. A Jakarta office opened last year.

“We immediately liked the entrepreneurial, optimistic and growth focused attitude of the Bullseye principals. We are like-minded about digital’s future, growth in Asia and the critical need to remain customer centric at all times. Bullseye is a perfect fit with STW, and our ambition for its future growth is significant,” Mr Connaghan said.

In Australia, Bullseye has a staff of 40 in Sydney, Melbourne and Brisbane. The Sydney office will relocate to STW’s St Leonard’s campus in January.

- **Alpha Salmon:**

As part of STW’s strategy to export IP and capability to Asia where immediate fast growth opportunity is available, STW’s wholly owned digital solutions business, Alpha Salmon, established and has quickly grown a full service digital solutions and production business in Jakarta.

Alpha Salmon Jakarta opened in May 2011, already boasts a staff of 20 and has captured major assignments for a range of international FMCG leaders as well as forged close partnerships with the leading agency groups. This rapid success has led to the decision to open a sales office in Singapore next month, to be headed by Alpha Salmon founder Terence Chang. Alpha Salmon was founded 11 years ago, and today has a staff of 32 in Sydney.

“Alpha Salmon has got off to an extremely fast start in Indonesia,” Mr Connaghan said. “Its offer of providing proven digital muscle for clients and agencies across the spectrum of customer engagement digital solutions has been welcomed with open arms in that market. There is clearly a big capability and service delivery gap in that fast growing market, and we’re delighted with the way Alpha Salmon has stepped in to grab significant market share so quickly.”

“We’ve now been encouraged by our agency and client partners to extend the offering into Singapore, and are confident that the sales office there will add further momentum to the growth of our Alpha Salmon Jakarta hub.

“We’re taking it one step at a time. Alpha Salmon Jakarta has been profitable from its first month of operation, and we will only expand to new markets if the client demand is there. However, we have a shared ambition with the Alpha Salmon leaders, Terence and Kelvin Chang, to grow Alpha Salmon into other high growth South East Asian markets. They picked the Jakarta opportunity perfectly, have proven they can deliver on the ground, and we’ll keep backing their judgement if they keep delivering these results.”

Mr Connaghan said while it was ‘early days’ on STW’s growth plans in Asia, he was encouraged by the momentum gained in a short period. “This is an excellent start. We have a number of other conversations underway with a range of potential vendors, again with a focus on South East Asia and the high growth segments of our industry. Our priority for the next few months is bedding down these new investments, leveraging synergies and growth opportunity, and delivering outstanding results to clients. At the same time, we’ll be identifying and developing new opportunity where it makes sense.”

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