ASX ANNOUNCEMENT 12 August 2014

Results for year ended 30 June 2014

Enero Group Limited (ASX: EGG) today announced its results for the year ended 30 June 2014.

Summary

- Operating EBITDA[1] up 159%, net revenue down 5% on prior reporting period on pro forma basis.
- Improved EBITDA margin to 7.5%.
- Operational efficiencies being achieved through greater collaboration across the group and further business co-locations.

Enero Group CEO, Matthew Melhuish said: "We continue to work tirelessly towards our strategic goals. The improved performance for this financial year is testament to the sharper focus on our financial performance and the ability of the Operating businesses to embrace the group network, leverage the group assets and experience, and collaborate on opportunities".

Financial Performance

A$ million	FY2014	FY2013	Variance
Net Revenue	119.5	127.3	(6%)
Operating EBITDA[1]	9.0	3.6	148%
Net Loss after tax to equity holders[3]	**(2.9)**	**(83.0)**	
Pro forma (continuing businesses)[2]			
Net Revenue	119.5	125.4	(5%)
Operating EBITDA[1]	9.0	3.5	159%
EBITDA Margin	7.5%	2.8%	

Notes:

1. Operating EBITDA is earnings before interest, tax, depreciation, amortisation, impairment, loss on sale, fair value adjustments to deferred consideration, commercial settlements and restructuring costs. Operating EBITDA is the primary measure used by management and the directors in assessing the performance of the Group. It provides information on the Group's cash turnover excluding significant transactions and non-cash items which are not representative of the Group's on-going operations or cash flow.
2. Pro forma excludes the contribution of BWM sold in August 2012 and closure of City PR in September 2012. Pro forma revenue and Operating EBITDA are presented to provide an accurate representation of the Group's current year operations compared to the same operations in the prior period.
3. Net loss after tax includes significant items of $2.9 m (FY2013: $75.9 m). Refer to attached results presentation for detailed analysis.
4. The results announcement and attached presentation includes the following measures used by the Directors and management in assessing the on-going performance and position of the Group: Operating EBITDA, Pro forma net revenue, pro forma Operating EBITDA, NPAT before significant items and NPATA before significant items. These measures are non-IFRS and have not been audited or reviewed.

Pro Forma business operating performance:
While pro forma revenue was down 5% on prior year, pro forma Operating EBITDA was up 159% on prior year. The Group achieved an improved EBITDA margin through cost base reductions in staff and operating costs and stronger collaboration across the operating businesses.

Refer to the results presentation for further details on operating business performance.

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Enero Group Limited
FY14 Full Year Results

12 August 2014

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Non-IFRS Performance measures
This results presentation uses non-IFRS performance measures which have not been audited or reviewed. The Company believes that, in addition to the conventional measures reported under IFRS, the Company and investors use this information to evaluate the Company's performance. Non-IFRS performance measures include Operating EBITDA and Pro forma continuing business performance which are defined in the presentation.

Financials

Financials

Financial

- Operating EBITDA up 159% on the prior reporting period on a pro forma continuing business basis.
- Net revenue down 5% on the prior reporting period on a pro forma continuing business basis.
- EBITDA margin improvement from 2.8% to 7.5% generated by cost base reductions in staff and operating costs.
- Operating cash flow strong with strict working capital management.

Financials continued

Revenue and Operating EBITDA

Pro forma results are adjusted for significant restructuring and divestments to allow for review of continuing business.

YEAR ENDED 30 JUNE ($M)	2014	2013	CHANGE
NET REVENUE			
Operating Companies	119.5	127.3	(6%)
Less: divestments and closed businesses[2]	-	(1.9)	Nm
Pro Forma Net Revenue	**119.5**	**125.4**	**(5%)**
OPERATING EBITDA			
Operating Companies	16.5	10.9	53%
Support office	(6.1)	(6.2)	2%
Share based payments charge	(1.4)	(1.1)	(26%)
Less: divestments and closed businesses[2]	-	(0.1)	Nm
Pro Forma Operating EBITDA	**9.0**	**3.5**	**159%**
Pro Forma Operating EBITDA Margin[3]	**7.5%**	**2.8%**	**4.7bp**

1. Operating EBITDA is earnings before interest, tax, depreciation, amortisation, impairment, loss on sale, fair value adjustments to deferred consideration, commercial settlement and restructure costs. Refer to slide s 10 and 11 for detailed analysis of costs.
2. Contribution from BWM sold in August 2012 and City PR closed in September 2012.
3. Pro Forma Operating EBITDA Margin is Pro Forma Operating EBITDA / Pro Forma Net Revenue.

Financials continued

Pro forma results ratio analysis

Pro forma results are adjusted for significant restructuring and divestments to allow for review of continuing business.

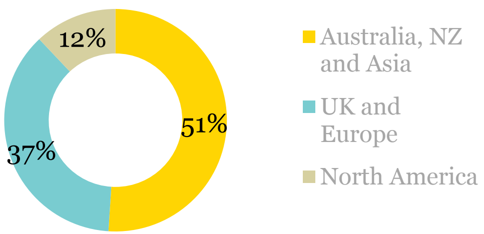
YEAR ENDED 30 JUNE ($M)	2014	2013
Net Revenue	119.5	125.4
Staff costs	88.3	95.5
Staff costs %	*73.8%*	*76.2%*
Operating costs	22.6	26.5
Operating costs %	*18.9%*	*21.1%*
Pro Forma Operating EBITDA	**9.0**	**3.5**
Pro Forma Operating EBITDA Margin	**7.5%**	**2.8%**

Staff costs includes all full time and freelance/casual employees and contractors.

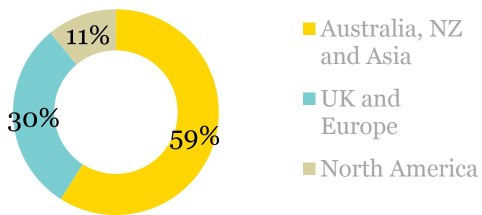
Financials continued

Geographical Contribution from operating companies

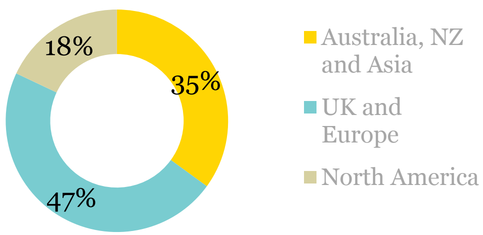
Pro forma Net Revenue FY2014



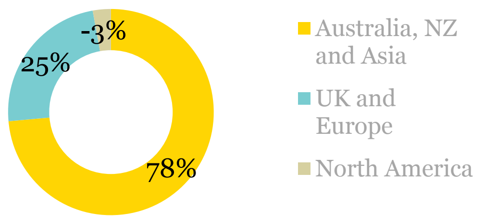
Pro forma Net Revenue FY2013



Pro forma Operating EBITDA FY2014

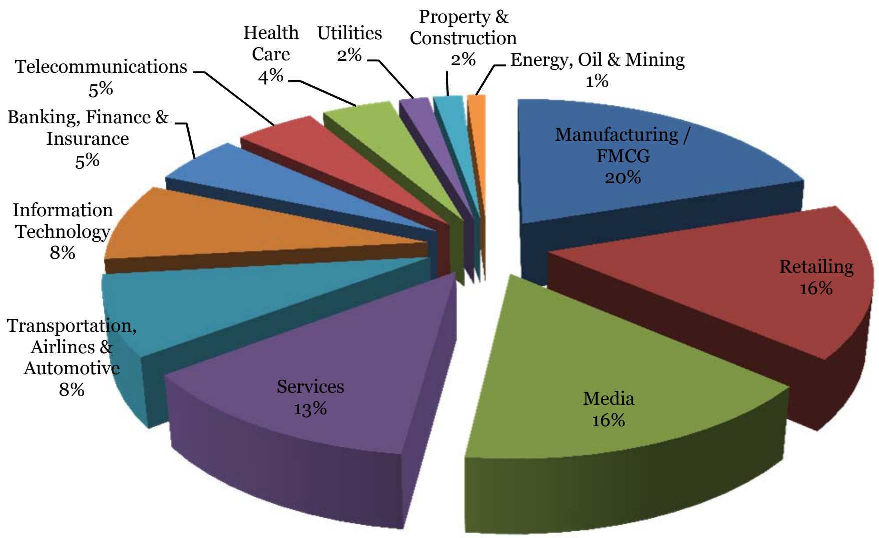


Pro forma Operating EBITDA FY2013



Financials continued

Revenue By Industry



- Strong mix of clients across market industry and sector groups demonstrates diversification of revenue.
- No single client more than 10% of total Group net revenue.
- Top 10 clients represent 36% of total revenue across >850 client relationships.

Financials continued

Profit & Loss Summary

YEAR ENDED 30 JUNE ($M)	2014	2013
Net Revenue	119.5	127.3
Other revenue	0.4	0.1
Staff Costs	(88.3)	(97.0)
Operating Expenses	(22.6)	(26.8)
Operating EBITDA[1]	**9.0**	**3.6**
Operating EBITDA Margin	*7.5%*	*2.8%*
Depreciation & Amortisation	(4.8)	(4.9)
Net Interest	-	(0.6)
PV Interest	-	(0.1)
Tax	(2.7)	(1.7)
Minority interests	(1.5)	(0.8)
NPAT/(NLAT) before significant items[2]	**-**	**(4.5)**
NPATA before significant items[3]	**1.5**	**(3.0)**
Significant items[4]	(2.9)	(78.5)
Net loss after tax to equity owners	**(2.9)**	**(83.0)**

1. Operating EBITDA provides meaningful information on the group's cash flow generation excluding significant transactions and non cash items which are not representative of the group's on-going operations
2. NPAT/NLAT before significant items represents net profit/(loss) after tax before the impact of significant, non-recurring and non operational impacting items.
3. Excludes non-cash amortisation of acquired intangibles FY14: $1.5m (FY13: $1.4m).
4. Refer to slide 11 for significant items.

Financials continued

Profit and Loss Summary con't

Significant items

- Commercial settlement in relation to prior divestment of $1,150,000. No impact on ongoing operations.

YEAR ENDED 30 JUNE ($M)	2014	2013
Restructure costs	(1.7)	(3.0)
Commercial Settlement	(1.2)	-
Non-cash fair value gain on deferred consideration	-	0.7
Non-cash loss on sale & impairment of divested assets	-	(0.3)
Non-cash impairment	-	(75.9)
Total significant items	***(2.9)***	***(78.5)***

Financials continued

Balance Sheet

($M)	2014	2013
Cash	22.5	19.4
Net Working Capital	0.5	2.4
Other Assets	3.5	4.4
Fixed Assets	7.2	7.6
Intangibles	76.7	73.2
Total Assets	**110.4**	**107.0**
Provisions & Other Liabilities	5.2	6.1
Deferred Consideration	-	0.1
Finance lease liabilities	1.7	1.7
Net Assets	**103.5**	**99.1**

- All cash committed deferred consideration liabilities paid. Contingent deferred consideration (Tranche 3A&3B liabilities) of $52.1m not recognised at 30 June 2014. Target EBITDA hurdles to trigger payments are $53.7m and $63.7m respectively. Final contingent liability expires in 2018.
- Dividend and share buy back restriction continues until the Tranche 3A&3B liabilities are either paid, cancelled or expired.

Cash Flow & Working Capital Management

YEAR ENDED 30 JUNE ($M)	2014	2013
Operating EBITDA	9.0	3.6
Movement in Working Capital	0.9	7.3
Restructure costs	(1.7)	(3.9)
Equity Incentive Expense	1.4	1.2
Gross Cash Flow	9.6	8.2
Net Interest Paid	-	0.1
Tax paid	(1.8)	(1.1)
Commercial Settlement	(1.2)	-
Operating Cash Flow	6.6	7.2
Cash funded capex	(1.9)	(3.4)
Free Cash Flow	**4.7**	**3.8**

- Conversion from Operating EBITDA to cash remains strong.
- Movement in working capital minimal reflecting strict working capital measures.
- Tax payments made in relation to overseas tax jurisdictions.
- Total capex for FY14 was $2.8m (FY13 $4.6m) with $0.9m (FY13 $1.2m) funded under lease finance.

Operational Update

Operational Update

- Greater collaboration and leveraging of group assets delivering more flexibility to Operating Companies and serving client requirements more effectively. Improvements in group capabilities around data, content and social continues.

- Investment in human capital continues – learning & development and recruitment functions established.

- Office infrastructure:
    - Improved infrastructure in all locations
    - Reduction in office floor space across group with further business co-locations.
    - Key Hub locations: 3 offices in Sydney, 3 offices in London, 1 office in New York

- Geographic mix:
    - Refer slide 8 - geographies are evening out with UK/Europe now representing 47% of the Operating Companies EBITDA contribution.

- Revenue mix:
    - Refer slide 9 - diversified and even spread of revenue across industries.
    - No single client more than 10% of Group net revenue.
    - Increased number of client touch-points across Group.

Operational Update continued

- Frank PR and Hotwire continue to perform strongly, particularly in the UK markets.
- BMF had an improved performance this financial year.
- Naked's transition to a full service agency continues, with new leadership in all hub offices settled in, new business being generated particularly in Australia and a high volume of pitching across all markets.
- The Leading Edge continues to progress following its re-focus on research and insights.
- The search marketing businesses Dark Blue Sea and OB Media continue to trade well.
- Smaller agencies have had a mixed performance across the year, as they are more easily impacted by client changes and consumer confidence.