ASX ANNOUNCEMENT 13 February 2014

Results for half year ended 31 December 2013

Enero Group Limited (ASX: EGG) today announced its results for the half year ended 31 December 2013.

Summary

- Operating EBITDA[1] up 135%, net revenue down 6% on prior reporting period on pro forma basis.
- Improved business performance through focus on EBITDA margin achievement.
- Driving group collaboration and co-location of operating businesses

Enero Group CEO, Matthew Melhuish said: "We are pleased with our progress in the first half of financial year 2014. Our determined focus on implementing stronger business disciplines and generating a margin from existing revenue will continue as we look to carry this momentum into the second half of the year. While the improved results are encouraging there is still much to be done in strengthening our network of operating businesses to ensure reliable results are achieved and maintained".

Financial Performance

A$ million	FY2014	FY2013	Variance
Net Revenue	61.6	67.8	(9%)
Operating EBITDA[1]	5.0	2.3	119%
Net Profit/(Loss) after tax to equity holders[3]	0.2	(77.6)	
Pro forma (continuing businesses)[2]			
Net Revenue	61.6	65.9	(6%)
Operating EBITDA[1]	5.0	2.1	135%
EBITDA Margin	8.1%	3.2%	

Notes:

1. Operating EBITDA is earnings before interest, tax, depreciation, amortisation, impairment, loss on sale, fair value adjustments to deferred consideration, 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 in the prior reporting period (FY2013) includes significant items of $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.

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Pro Forma business operating performance:
While pro forma revenue was down 6% on prior year, pro forma Operating EBITDA was up 135% on prior year. The Group achieved an improved EBITDA margin through revenue stability and a focus on tighter cost controls around staff and operating costs.

Refer to the results presentation for further details around operating business performance and key senior leadership appointments.

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Enero Group Limited
FY14 Half Year Results

13 February 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.

Executive Summary

Executive Summary

Financial

- Operating EBITDA was up 135% on a pro forma continuing business basis.
- Net revenue was relatively flat with first half focus being on margin attainment from the existing revenue pool.
- Operating EBITDA margin increased from 3.2% to 8.1% as the business continues to refine cost management and targeted benchmark ratios.
- Operating cash flows continue to be strong with a high cash conversion ratio and low net working capital.

Executive Summary cont'd

Operational

- Further co-location of operating brands in Sydney and London.
- Key leadership appointments across several operating brands.
- Increased collaboration and mobility of employees across the network as core skillsets are shared across the businesses.
- Further convergence of systems and processes allowing better benchmarking and consistency in approach to sales and marketing.

Executive Summary cont'd

Revenue and Operating EBITDA

Pro forma results are adjusted for significant restructuring and divestments to allow for review of continuing business. Refer to Appendix on slide 18 for further details.

SIX MONTHS ENDED 31 DECEMBER ($M)	2013	2012	CHANGE
Net Revenue	61.6	67.8	(9.1%)
Net Revenue from other divestments and closed businesses[2]	-	(1.9)	-
Pro Forma Net Revenue	**61.6**	**65.9**	**(6.5%)**
Operating EBITDA[1]	5.0	2.3	118.9%
Operating EBITDA from other divestments and closed businesses[2]	-	(0.2)	-
Pro Forma Operating EBITDA	**5.0**	**2.1**	**135.3%**
Pro Forma Operating EBITDA Margin[3]	**8.1%**	**3.2%**	**4.9bp**

1. Operating EBITDA is earnings before interest, tax, depreciation, amortisation, impairment, loss on sale, fair value adjustments to deferred consideration and restructure costs. Refer to slides 14 and 15 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.

Operational Update

Operational Update

- Collaboration and co-location
  - Improved infrastructure for sharing knowledge and leveraging client relationships
  - Sydney hub office completed in December 2013 housing BMF, Naked, Precinct, Frank PR and Hotwire
  - Hotwire and Corporate Edge co-locating in London

- Mobility of staff across the network
  - Increase in number of intra and cross company staff transfers and secondments spreading talent across companies and locations to proactively meet client requirements.
  - All businesses participating in Group Learning and Development with 22 different programs conducted across Sydney, Melbourne, London and New York during the half year.

- Geographic mix (refer slide 12)
  - Hub geographic revenue earnings mix balancing out with stronger UK and US based earnings contributions
  - US market still requires further scale

Operational Update cont'd

- Expected overall reduction of approximately $8m per annum in staff costs and approximately $2m per annum in operating costs from FY13 to protect EBITDA margin.
- Frank PR and Hotwire continue to perform strongly, particularly in the UK markets.
- BMF had a stronger performance with new business wins and new leadership settled in.
- Naked is transitioning to a full service agency, with a new brand re-launch in November 2013 and key new leadership appointments.
- The Leading Edge new leadership team on board since October 2013. Business has re-focused on research and insights to round out its offer.
- Smaller agencies generally trading well against a mixed economic backdrop across the hubs.

Operational Update cont'd

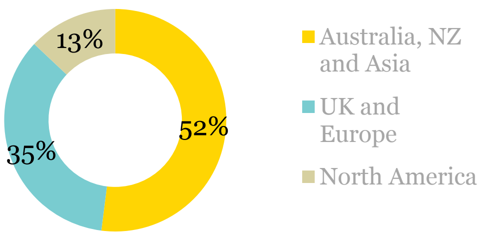
Key leadership appointments this financial year:

- Carl Ratcliff – Naked Communications Australia CEO (December 2013)
- Troy Kelley – Naked Communications USA CEO (January 2014)
- Paul Ward – Naked Communications Chief Creative Operations Officer (January 2014)
- Dominic Stinton – BMF CEO (August 2013)
- Cameron Blackley – BMF Executive Creative Director (February 2014)
- Nigel Marsh – The Leading Edge Chairman (October 2013)
- Bryony Ranford – Jigsaw General Manager (February 2014)

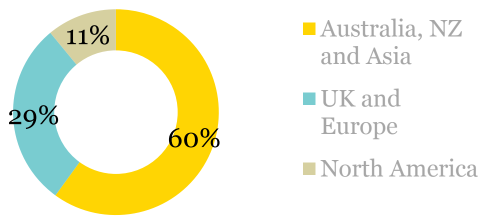
Operational Update cont'd

Geographical Contribution from operating companies

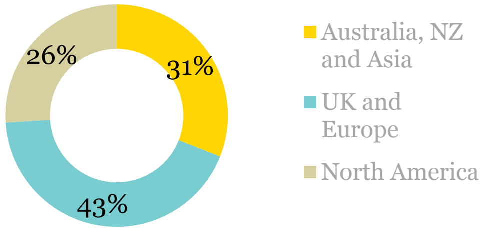
Pro forma Net Revenue 1H FY2014



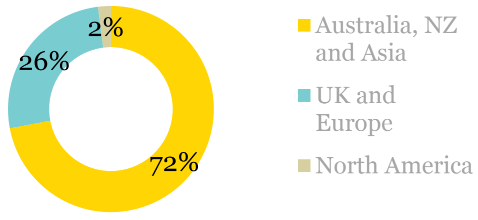
Pro forma Net Revenue 1H FY2013



Pro forma Operating EBITDA 1H FY2014



Pro forma Operating EBITDA 1H FY2013



Financials

Financials

Profit & Loss Summary

SIX MONTHS ENDED 31 DECEMBER ($M)	2013	2012
Net Revenue	61.6	67.8
Staff Costs	(42.0)	(48.9)
Operating Expenses	(14.6)	(16.6)
Operating EBITDA[1]	**5.0**	**2.3**
Operating EBITDA Margin	*8.1%*	*3.4%*
Depreciation & Amortisation	(2.2)	(2.3)
Net Interest	(0.1)	-
PV Interest	-	(0.1)
Tax	(1.9)	(1.2)
Minority interests	(0.6)	(0.4)
NPAT/(NLAT) before significant items[2]	**0.2**	**(1.7)**
NPATA/(NLATA) before significant items[3]	**0.9**	**(1.0)**
Significant items[4]	-	(75.9)
Net profit/(loss) after tax to equity owners	**0.2**	**(77.6)**

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 FY13: $0.7 million (FY12: $0.7 million).
4. Refer to slide 15 for significant items.

Financials con't

Profit and Loss Summary con't

Significant items

- No significant item reported in the half year

SIX MONTHS ENDED 31 DECEMBER ($M)	2013	2012
Restructure costs	-	(0.7)
Non-cash fair value gain on deferred consideration	-	0.7
Non-cash impairment	-	(75.9)
Total significant items	**-**	***(75.9)***

Financials con't

Balance Sheet

($M)	31 Dec 2013	30 Jun 2013
Cash	21.3	19.4
Net Working Capital	3.8	2.4
Other Assets	4.0	4.4
Fixed Assets	7.7	7.6
Intangibles	79.4	73.2
Total Assets	**116.2**	**107.0**
Provisions & Other Liabilities	6.1	6.1
Deferred Consideration	-	0.1
Finance lease liabilities	2.1	1.7
Net Assets	**108.0**	**99.1**

- All cash committed deferred consideration liabilities paid. Contingent deferred consideration (Tranche 3A&3B liabilities) of $52.7m not recognised a 31 December 2013. Target EBITDA hurdles to trigger payments are $54.1m and $64.1m 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.

Financials con't

Cash Flow & Working Capital Management

SIX MONTHS YEAR ENDED 31 DECEMBER ($M)	2013	2012
Operating EBITDA	5.0	2.3
Movement in Working Capital	(1.9)	2.3
Restructure costs paid	-	(0.7)
Equity Incentive Expense	0.5	0.8
Gross Cash Flow	3.6	4.7
Net Interest Paid	(0.1)	-
Tax paid	(0.8)	(0.1)
Operating Cash Flow	2.7	4.6
Cash funded capex	(0.4)	(1.4)
Free Cash Flow	**2.3**	**3.2**

- Conversion from Operating EBITDA to cash remains strong
- Increase in working capital due to prior reporting date net working capital being unsustainably low.
- Tax payments made in relation to overseas tax jurisdictions.
- Total capex for 1H FY14 was $1.4m (1H FY13 $2.4m) with $1.0m (1H FY13 $1.0m) funded under lease finance.

Appendix

Net Revenue & Operating EBITDA

SIX MONTHS ENDED 31 DECEMBER ($M)	2013		2012		
	TOTAL		TOTAL	DIVESTED COMPANIES	PRO FORMA
Operating Companies	*61.6*		*65.9*	-	*65.9*
Unallocated[1]	-		*1.9*	*(1.9)*	-
Total Net Revenue	*61.6*		*67.8*	*(1.9)*	*65.9*
Operating Companies	*8.5*		*5.9*	-	*5.9*
Unallocated[1]	-		*0.2*	*(0.2)*	-
Support Office	*(3.0)*		*(3.0)*	-	*(3.0)*
Share based payments charge	*(0.5)*		*(0.8)*	-	*(0.8)*
Total Operating EBITDA	*5.0*		*2.3*	*(0.2)*	*2.1*

1. Unallocated includes BWM sold in August 2012 and City PR closed in September 2012.