



ASX ANNOUNCEMENT

10 August 2012

Sale of BWM

Enero Group Limited (ASX: EGG) today announced the sale of its 51% interest in Belgiovane Williams Mackay (BWM) to the existing minority shareholders for a cash consideration of \$7.5 million.

The sale will help deliver Enero's strategy of focusing on global brands with deep digital skills.

Enero Group CEO Matthew Melhuish said the Board would continue to ensure Enero Group is structured to deliver on its strategy announced on 30 April 2012.

"We have recently commenced our journey to become a marketing services group ready to exploit the forces shaping the media and technology revolution and this transaction provides further impetus to launch into deeper digital experience and depth across our key hubs of Sydney, London and New York." Mr Melhuish said.

Enero Group Chairman John Porter said this allows the Board to allocate resources to the Company's new strategic vision while remaining debt free.

"The Board is conscious of balancing future investment in the digital landscape with appropriate capital management. The sale of Enero's interest in BWM gives Enero the opportunity to explore other geographic opportunities aligned with its vision and strategy over a medium term outlook." Mr Porter said.

BWM contributed 12.2%, or approximately \$21.2 million, of Enero Group net revenue (excluding divestments) for FY12.

Impact on Balance Sheet

The proceeds of the sale will be added to existing cash reserves of the group. At 30 June 2012, Enero had \$23.4 million of cash. Enero will use its excess cash to fund the remaining \$13.6 million of capped deferred consideration payments due over the next 12 months. Enero will also continue to maintain a \$10 million undrawn debt facility until 31 March 2013.

The divestment is expected to result in a non-cash loss on sale to be recognised in FY12 of \$5 million to \$7 million before the impact of income tax.

In accordance with the terms of the deferred consideration restructure that Enero completed in September 2010, the EBITDA targets for any further capped deferred consideration payments under Tranche 3A and 3B are reduced to adjust for the impact of divestments.

Accordingly, the EBITDA target for Tranche 3A payments are expected to be reduced to approximately \$54.1million and the EBITDA target for Tranche 3B payments will be reduced to approximately \$64.1 million. The leverage target remains unchanged at 2.25 times.

Enero Group expects to release its year ended 30 June 2012 results on 22 August 2012.

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