

ASX ANNOUNCEMENT

2019 Annual General Meeting Chairman Address

24 October 2019

Good morning Ladies and Gentlemen, I am your Chairman, John Porter, and I would like to welcome you all here today to the Annual General Meeting of Enero. I have been advised that we have the necessary quorum of Shareholders present and I declare the meeting open.

I will now introduce my fellow directors:

- CEO - Matthew Melhuish;
- Non-executive Director - Susan McIntosh;
- Non-executive Director – David Brain;
- Non-executive Director – Ian Rowden; and
- Non-executive Director - Anouk Darling.

Seated in the front row we have members of the Enero executive team:

- Company Secretary & CFO - Brendan York;
- Chief People & Culture Officer – Fiona Chilcott;
- Chief Strategy Officer – Gavin Coombes; and
- Group General Counsel – Cathy Hoyle.

Our external auditors KPMG are here today and are available to answer any shareholder questions on the audit of Enero Group's 2019 Financial Statements. The notice convening this Meeting has been sent to all registered shareholders. If there is no objection, I will take the Notice of meeting as read.

I am very pleased to report on the progress of the Group this year. FY2019 was a breakout year for the Group with significant financial momentum and material improvements in all financial metrics. Earnings per share pre-significant items of 14.2 cps was 53% up on the prior year. The Group achieved a 16% Operating EBITDA margin, which is in line with industry benchmarks, and in fact above when taking into account support office costs included in our results. We are

cautiously optimistic we can continue to achieve organic revenue growth, which had a very impressive 14% year on year increase in 2019.

While the industry continues to change with pace, we remain agile in determining our set up and shape. The Group's size continues to be an advantage in a time where the ability to integrate capability is more important than ever before. There has been a very measured change implemented in FY2019 to reduce the number of operating brands, which allows for more concentration and investment deployed on larger businesses with greater opportunities and therefore increasing the chances of better returns. Our larger businesses are better equipped to attract and retain the top talent in the market and win bigger clients. The Group has a strong level of diversification of clients and services, with no single client making up more than 12% of total Group net revenue.

The Board declared an FY2019 final dividend of 3.0 cents per share, fully franked, in August 2019. This brings total dividends paid for FY2019 to 5.5 cents per share, fully franked – a 39% dividend payout ratio and a 37.5% increase in dividends from the prior year. While the dividend payout ratio is marginally lower than last year, we are committed to maintaining balance sheet flexibility at this time when we may need to react quickly to investment opportunities as they arise and always being cognisant of our on-going commitments to future earn-out payments. Structuring earn-out deals does result in some leverage, however the incentives for sellers to drive future performance are aligned with creating and protecting long term shareholder value. As at 30 June 2019, the Group had a net cash position of \$9.5m meaning there is room to deploy more capital.

We will continue to pursue further acquisition opportunities aligned with expanding our geographical presence or enhancing capability and increasing scale. International markets will likely be the area of focus in line with our intention to unlock greater revenue opportunities. While it has been a disciplined process, patience in finding the right cultural fit is a vital factor in the ultimate success of any future integrated offering and we are confident likeminded agencies who share similar strategic ambitions are out there.

In the meantime, we are open to investments in our existing businesses if the right opportunities present themselves and we have been open to alternative ways to expand our footprint, such as Hotwire's affiliation agreement with The Hoffman Agency. This affiliation is providing Hotwire with a true global reach for its clients through The Hoffman Agency's presence in Asia and vice versa for their clients in UK & Europe.

The Group continues to generate strong cash flows converting Operating EBITDA to cash at 103% in FY2019 and generally has low future capital requirements thanks to the co-location strategy. In relation to FY2020, first quarter trading has commenced well and is in line with the prior reporting period.

I would like to welcome to Ian Rowden as a new Independent Non-Executive Director who joined the Board last November. Ian has a vast depth of experience both on the client and agency side particularly in the creative agency space, which gives our Board a new level of insight into the client buying perspective. Additionally, his proximity to the USA market, now a key geographic driver for our growth, is also very valuable. Thank you to my other fellow Board members for your ongoing support during the year.

On behalf of the Board, I would like to sincerely thank all of the 600 talented staff we have working in the Group their contributions over the past year. Their hard work and relentless drive has given the Group a great platform for further growth.

I have now been Chair of the Enero Board since April 2012 and have seen a total transformation of the Group over this time. From share price as low as 30 cents in 2012 to a market capitalisation of nearly \$200m as of today, the Group is in a very strong financial position, with incredible opportunities ahead. As the Group moves into its next strategic plan, I feel now is the time to step back from my role as Chair and I am very pleased to announce that after a careful search, we have identified and will today appoint a very capable new Chair effective 1 January 2020, Ann Sherry.

Ann is based in Sydney and has a wealth of experience, currently serving on the Boards of ASX listed National Australia Bank and Sydney Airport, is the Chair of UNICEF Australia along with various other Directorships including Palladium Group, Cape York Partnerships and the Museum of Contemporary Art . Ann also has a long history with the Group, being a former client during her time as Chair & CEO of Carnival Cruises and has great understanding of people businesses. Ann is here today and is looking forward to meeting with shareholders. I look forward to working closely with her over the next few months for a smooth transition. Thank you to shareholders for your ongoing support of the Group and I look forward to watching the Group continue to be successful.

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