



ASX ANNOUNCEMENT

19 October 2017

2017 Annual General Meeting Chairman Address

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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;
- Deputy Chairman - Roger Amos;
- Non-executive Director - Susan McIntosh; and
- Non-executive Director - Anouk Darling

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

- Company Secretary & Group Finance Director - Brendan York;
- Group Strategy & Operations Director - Stephen Watson; and
- Group Director - People & Culture - Fiona Chilcott.

Our external auditors KPMG are here today and are available to answer any shareholder questions on the audit of Enero Group's 2017 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 pleased to report financial year 2017 resulted in the achievement of two significant milestones for the Group.

Firstly, the Group completed its first acquisition in over seven years, with the addition of the Tech focused PR business Eastwick Communications in September 2016 for an initial payment of US\$5million. Eastwick has proved a great strategic fit for Hotwire and the transaction immediately brought us greater scale in the USA with more substantial offices in San Francisco and New York.

The acquisition involved the immediate integration of both Eastwick and Hotwire staff with them coming together into one global united team that is 240 staff strong. Pleasingly we have seen already greater opportunity from the stronger US presence as Tech clients become more confident to award their work to Hotwire from the Tech hubs of



San Francisco and New York that then radiates out across the Hotwire international office network. This acquisition has allowed Hotwire to transform from what was essentially a UK centric business with a European network, into a much stronger and truly global, networked business.

The second key milestone was the release of the capital restrictions that had been in place since September 2010. Following agreement with the legacy deferred consideration rights holders the release of the capital restrictions has opened up significant opportunities for the Group to embark on a more active capital management strategy to enhance shareholder value.

Immediately following the release of the capital restrictions, a special fully franked dividend of 5 cents per share was declared and paid. This dividend serves to recognise our loyal long-term shareholders for their patience over the years as we have worked to re-build the Group. The Board also recognises the substantial value in the franking credit balance to shareholders and are pleased to announce today that we are activating both interim and final dividends subject to ongoing Company profitability. We will implement a balanced approach between returns to shareholders, funding acquisition and investment opportunities as well as maintaining adequate cash reserves for our existing businesses.

While the Group had a challenging trading year, management has worked very hard to protect operating margins above 10% and posted a net profit after tax before significant items of \$4.9m. Our cash conversion remains strong and this has facilitated adequate capital to meet our strategic needs.

We will continue to pursue further acquisitions to build our geographical reach, grow scale and add capability. International markets will be our main area of focus in-line with our intention to unlock greater revenue opportunities. We are making ground in balancing the geographic spread between our key markets and we will make more progress in 2018. Likewise, we will be open to investments in our existing businesses if the right opportunity presents itself. I have confidence that the Group represents a great mix of capability and nimbleness which when combined with our very talented staff, positions us well for the future of marketing and communications.

FY2018 has commenced well for Quarter 1, in line with our expectations and trading in line with the prior year from both a Revenue and EBITDA perspective.

I would like to welcome Anouk Darling as Non-Executive Director. Anouk brings many years of industry experience to our Board and has already provided invaluable advice and strategic counsel.

Thank you to the rest of the Board, the Executive team, all management teams and all staff across the Group for your contributions over this financial year.

Finally, thank you to our shareholders for your on-going support of the Group.

Contact:

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