

# ASX ANNOUNCEMENT

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## 2020 Annual General Meeting Chair Address

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21 October 2020

Good morning Ladies and Gentlemen,

I am your Chair, Ann Sherry, and I would like to welcome you all to the 2020 Annual General Meeting of Enero, being held virtually for the first time via a virtual meeting platform.

If we experience any technical issues today, a short recess or an adjournment may be required depending on the number of shareholders being affected. If this occurs, I shall advise you accordingly.

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:

Via video conference:

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

Company Secretary Brendan York and representatives from our share registry, Link Market Services, will be assisting with the conduct of the meeting.

Our external auditors KPMG also in the online meeting via audio conference and are available to answer any shareholder questions on the audit of Enero Group's 2020 Financial Statements.

The notice convening this Meeting has been made available to all registered shareholders. I will take the Notice of meeting as read.

I would like to set out some administrative changes to our Annual General Meeting given there is no physical meeting this year.

Firstly, in relation to the formal business of the meeting, all resolutions will be conducted by way of poll rather than a show of hands. Shareholders have been encouraged to lodge proxies online 48 hours prior to the AGM, and I am pleased to say that the vast majority of shareholders have used this means to cast proxies on the resolutions. Please note that only shareholders, proxy holders or shareholder company representatives may vote. Please refer to the virtual meeting online guide for steps on how to vote during the meeting.

Secondly, while we requested and encouraged shareholders to submit general questions prior to the AGM, shareholders do have the ability to submit questions during the AGM via the platform. We will endeavour to answer as many questions as possible. Questions will be read out by the Company Secretary during the allocated time for questions later in the meeting.

In what has been an unprecedented year in so many ways, I am very pleased to present my first address as Chair of Enero. FY20 was a year where the resilience of the Group was truly tested and yet the Group moves into FY21 in a stronger position, with more opportunities than ever before. COVID-19 brought with it both internal and external challenges. Our initial priority and response to the pandemic was the wellbeing of our teams, their families and our clients.

We immediately redeployed all 600 employees to work remotely from early March and the Group moved seamlessly into new ways of working with our clients. While managing a remote workforce in a 'people' business has had its challenges, it has been wonderful to see the flexibility and commitment shown by our team.

Despite the impact of COVID-19 across the second half of the year, all of our businesses increased their efforts in retaining and even growing their clients and achieved 5% organic revenue growth, which is an excellent result. The Group's strong exposure to sectors such as technology, healthcare and consumer staples, coupled with the incredible efforts from our teams in continuing to deliver world-class work, contributed to this strong outcome. Diversity in the revenue base continues to be a key differentiator for the Group, with no single client making up more than 12% of Group net revenue.

The simplification of the business portfolio has also helped to streamline our services and build businesses with more scale. We remain cautiously optimistic that organic revenue growth is achievable in FY21 despite the economic and health uncertainties that are ahead of us and have commenced the year very well. Brent will provide a more detailed Q1 FY21 trading update in his address shortly.

FY20 delivered strong financial metrics in all aspects in a year where health and safety took greater priority than profits. The highlights were:

- Operating EBITDA up 17.7% to \$24.4 million;
- Net profit to equity holders pre significant items of \$12.9 million was 6.9% up on the prior year;
- Earnings per share pre significant items of 15.0 cps was 5.6% up on the prior year; and
- Cash conversion at 116% of EBITDA.

In August 2020, the Board declared an FY20 final dividend of 3.5 cents per share fully franked. This brings total dividends paid for FY20 to 6.0 cents per share, fully franked – a 40% dividend payout ratio – and we are committed to returning funds to shareholders in line with our performance. Our conservative level of debt commitments in a business with a high degree of intangible assets was even more important in such economic uncertainty.

As at 30 June 2020, the Group had a net cash position of \$22.1 million. The maintenance of balance sheet flexibility at this time while we actively seek out new opportunities to grow will put us in a stronger position than our competitors. The Group's size continues to be an advantage in a time where the ability to integrate capability is central to client needs. Our larger businesses are better equipped to attract and retain top talent in the market and win bigger clients.

We will continue to focus capital deployment on the larger businesses to either increase geographic coverage in markets or expand capabilities. International markets have been the area of focus in line with our intention to unlock greater revenue opportunities. However, we are realistic that with limited travel for the foreseeable future, and cultural alignment being a critical factor in any acquisition, we will need to think laterally about how to achieve this.

I'd like to extend my thanks to Matthew Melhuish, our former CEO, who resigned during the year after eight years in the role. Matthew left the Group with a legacy of positive momentum. Thank you to Brendan York and Fiona Chilcott for stepping in as joint acting CEOs for the period through to the end of the financial year, navigating the COVID-19 crisis and providing unwavering leadership.

We are commencing the start of a new era for the Group with the appointment of new CEO Brent Scrimshaw effective 1 July 2020. Brent is a creative and brand-led business leader in media, publishing, technology, consumer, retail and sports.



His 18 years at Nike Inc. and experience across both agency and client sides in many of the geographies where the Group operates will ensure the Group is well placed for the future. The foundations of a nimble and flexible operating model combined with our strong financial position provide a great opportunity for Brent and the team to create the next phase of growth momentum.

Thank you to my fellow Board members for your warm welcome and support. On behalf of the Board, I would like to sincerely thank all of our people for their incredible contribution over the past year. The energy, commitment and care shown for each other is a testament to our strong culture and values. Finally, thank you to our shareholders for your ongoing support of the Group and I look forward to reporting back again next year.

Thank you.

Authorised for release by the Board of Directors.

**About Enero:**

Enero Group is a boutique network of marketing and communications businesses listed on the ASX that includes creative agency BMF, PR agencies Hotwire, Frank and CPR, strategic data consultancies The Leading Edge and The Digital Edge, digital agency Orchard and programmatic marketing specialist OBMedia.

For more information, please visit [www.enero.com](http://www.enero.com).

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