ASX ANNOUNCEMENT 22 August 2012

Results for 30 June 2012

Enero Group Limited (ASX: EGG) today announced its results for the year ended 30 June 2012

Summary

- Debt free with a $21.5m cash balance at 30 June 2012
- Corporate overhead reductions completed
- Net revenue, Operating EBITDA[1] and NPAT lower
- Digitally centred marketing services group tackling the media and technology revolution with digital strategy and insights
- Focused on international operations: core of Sydney, London and New York with global leadership team established from within operating brands
- New level of cohesiveness at the executive and operational levels

Enero Group CEO Matthew Melhuish said: "We have now reached a stage where the core operating brands in the group are those that will take Enero to being a digitally centred marketing services group. It is an exciting time for this group which stands at the cusp of the most significant changes to the marketing and communications space in decades".

Matthew added: "There is still much to be done to ensure the group meets its strategy and vision announced in April 2012 and we will continue to focus on our global brands and deepening our digital skills. The group is making progress on the alignment of incentive programs and better leveraging group resources".

Financial Performance

A$ million	FY2012	FY2011
Net Revenue	225.2	343.5
Operating EBITDA[1,2]	20.8	53.3
Net Loss after tax[4]	(142.6)	(50.9)
Pro forma (continuing businesses)[3]		
Net Revenue	148.6	155.6
Operating EBITDA[1]	13.9	12.4

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. The non-cash impact of equity incentives was positive in FY2011 due to the $3.3 million write-back and reduction of costs associated with unvested options that have expired. Net equity incentives in FY2011 had approximately $0.7 million positive impact, versus a $1.8 million expense in FY2012.

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3. Pro forma excludes the contribution of Field Marketing businesses sold in November 2011, Retail Insight's point-of-sale business sold in September 2011, BWM sold in August 2012, ISS Marketing sold in June 2012, Image Box sold in May 2012, five digital businesses sold in December 2010, the closure of Counterpoint, Yield Media, Marching Ants during FY2011 and FY2012 and the write-back of equity incentive expense in FY11 (see note 2). Pro forma revenue and Operating EBITDA are presented to provide an accurate representation of the Group's current year and future operations compared to the same operations in the prior period.
4. Net loss after tax includes significant items of $142.4m incurred during the current reporting period (FY11 $66.9m). Refer to attached results presentation for detailed analysis.
5. 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.

Net Loss after tax:
The net loss after tax was $142.6m (FY11:$50.9m) and was driven by the asset sales which took place during the year resulted in a total non-cash loss on sale of $50.2 million before income tax and a $5.2 million in impairment charges relating to assets held for sale at 30 June 2012. In addition, a review of the carrying value of Enero's intangibles in the first half of the year led to a $128.2 million non-cash impairment charge.

Pro Forma business operating performance:
Pro forma revenue down 4.5% on prior year as tough business conditions continue in core markets, however pro forma operating EBITDA up 12.1% on prior year as the corporate overhead reduction program commenced in 2H FY2012 (including the removal of the division structure) with the corporate office now at appropriate size for the business.

Financial Position:
The Company completed its program of asset sales during the year, generating total proceeds of $233 million representing 7.5 times EBITDA and repaid its debt. Enero has $21.5m of cash at 30 June 2012. Enero will use its excess cash balance and the proceeds from the BWM sale of $7.5 million to fund the remaining $13 million of capped cash deferred consideration payments ($10.5 million settled in August 2012) due over the next 12 months and to seek investment in digital expertise and geographic opportunities. Enero will continue to hold an undrawn debt facility of $10 million.

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Enero Group Limited
FY12 Full Year Results

22 August 2012

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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.

Topic	Slide
Executive Summary	4
Operational Update	9
Financials	13

Executive Summary

Executive Summary

Operational

- Vision and strategy of group aligned and embraced.
- Group Leadership Team established from within the operating brands.
- Core focus of Sydney, London and New York with more streamlined structure.
- Greater emphasis on tackling the media and technology revolution by providing clients with insights and solutions to digital problems.
- Continuing to strengthen digital experience and bring digital strategy to the top of the client agenda.

Executive Summary cont'd

Financial

- Net revenue, Operating EBITDA and NPAT lower as impact of divestments throughout the year in addition to significant non-recurring items.
- On a pro forma basis (continuing business) while net revenue is down 4.5% on prior year, Operating EBITDA is up 12.1% on prior year along with improved margin.
- Debt free and focused on international operations
  - Geographic opportunities being identified
  - Building depth and experience across all operating brands in core markets
- Corporate overhead at appropriate levels for size of business
  - Corporate overhead reduction program completed
  - Removal of Division structure and associated costs
  - Lean support office aimed at facilitating growth and being a partner to the businesses
- 18 for 1 share consolidation completed in June 2012. 85.6m shares on issue.

Executive Summary cont'd

Core Portfolio

- Leading agencies – Naked, TLE, Hotwire, Frank PR and BMF represent 70% of Operating EBITDA.

- Divestment and closure of non-core brands and geographies largely completed which provides a more focused and consistent offering within the operating brands.

- 11 businesses a the group has moved to a smaller group of larger businesses to allow for a more stable earnings profile.

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 slides 18 and 19 for further details.

YEAR ENDED 30 JUNE ($M)	2012	2011	CHANGE
Net Revenue	225.2	343.6	(34.5%)
Net Revenue from Field Marketing discontinued operation	(51.1)	(128.9)	(60.4%)
Net Revenue from other divestments and closed businesses[2]	(25.5)	(59.1)	(56.9%)
Pro Forma Net Revenue	**148.6**	**155.6**	**(4.5%)**
Operating EBITDA[1]	20.8	53.3	(61.0%)
Operating EBITDA from Field Marketing discontinued operation	(6.6)	(24.5)	(73.1%)
Operating EBITDA from other divestments and closed businesses and options reversal [2 3]	(0.3)	(16.4)	(98.2%)
Pro Forma Operating EBITDA	**13.9**	**12.4**	**12.1%**
Pro Forma Operating EBITDA Margin[3]	**9.4%**	**8.0%**	**1.4bp**

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 slide s 14 and 15 for detailed analysis of costs.
2. Contribution from BWM sold in August 2012, Image Box sold in May 2012, ISS Marketing sold in June 2012 and Mark Communications closed in September 2011. digital businesses sold to Salmat in December 2010, Findology sold in December 2010, Sledge sold in January 2011 and Yield Media closed in March 2011.
3. Write-back of equity incentive expense in FY2011.
4. Pro Forma Operating EBITDA Margin is Pro Forma Operating EBITDA / Pro Forma Net Revenue .

Operational Update

Operational Update cont'd

Operating EBITDA up on prior year performance on a continuing business basis

- The Leading Edge showed significant improvement and strong momentum built from New York office and global client wins during the year.
- Naked Communications continues to be a work in progress with global management team re-shaping the Naked offer to meet the needs of a digital media landscape. The current year was impacted by closures of non-core offices.
- Frank PR and Hotwire consistent performance on prior year including investment in US operations for both businesses in the current period.
- Tough operating environment continues to impact all businesses.
- Divestment of BWM in August 2012 provides excess cash to invest in deeper digital experience and depth in key hubs.
- Divestment of two smaller agencies in Australia to manage risk and focus on opportunities with greatest capital returns.

Operational Update cont'd

- Margin improvement following implementation of corporate overhead reduction program in 2nd half FY12. Full year impact of program to be realised in FY13. Additionally remaining search marketing businesses achieving high margin conversion on revenue.

- Improvement in the cohesiveness of the group at both the executive and operational levels of the operating brands from implementation of Group Leadership Team.

- Stronger focus on digital, social media, data, mobile and innovation.

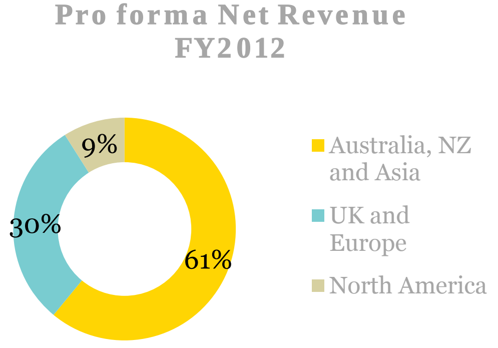
- New level of collaboration being achieved through social platforms and cross business peer group interaction.

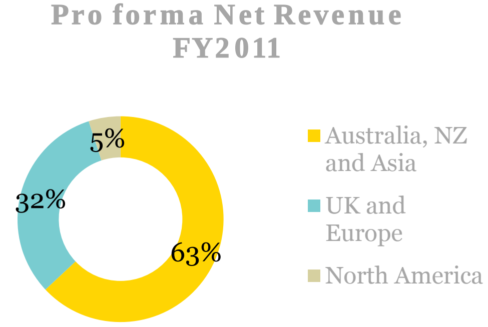
- Sharing of resources at back end functions starting to provide opportunities for operational efficiencies.

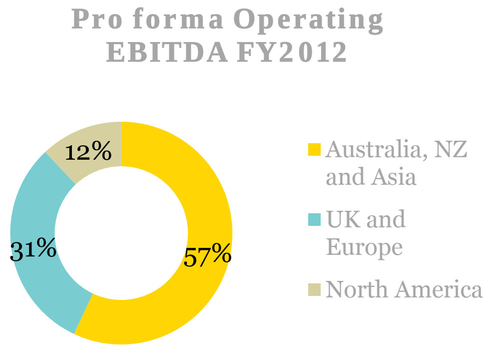
- Early stage of a plan to transform Enero into a lean forward digitally centered marketing services group.

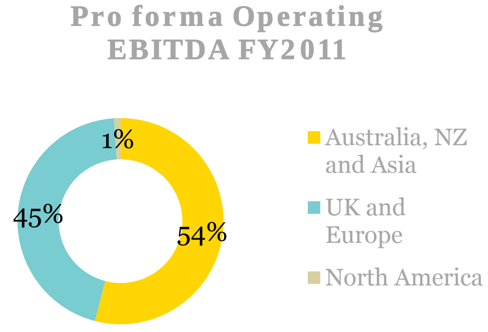
Operational Update cont'd

Geographical Contribution from operating companies









Financials

Financials

Profit & Loss Summary

YEAR ENDED 30 JUNE ($M)	2012	2011
Net Revenue	225.2	343.5
Staff Costs	(166.5)	(234.1)
Operating Expenses	(37.9)	(56.1)
Operating EBITDA[1]	**20.8**	**53.3**
Operating EBITDA Margin	*9.2%*	*15.5%*
Depreciation & Amortisation	*(7.9)*	*(15.4)*
Net Interest	*(4.6)*	*(15.2)*
PV Interest	*(4.3)*	*(9.1)*
Tax	(4.2)	(6.5)
Minority interests	(0.7)	0.1
NPAT/(NLAT) before significant items[2]	**(0.9)**	**7.2**
NPATA before significant items[3]	**1.6**	**12.0**
Significant items[4]	(142.4)	(66.9)
Net loss after tax	**(143.3)**	**(59.7)**

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 FY12: $2.5 million (FY11: $4.6 million).
4. Refer to slide 15 for significant items.

Financials con't

Profit and Loss Summary con't

Significant items

- The divestments of the Field Marketing Division, Image Box and ISS Marketing completed during the year crystallised a non-cash loss on sale of $50.2 million.
- A review of the carrying value of intangible assets led to a $128.2 million non-cash impairment charge. An adjustment to the discount rate to reflect current view on the appropriate debt equity ratio and risks inherent in assessing future cash flows coupled with a weaker than expected performance during the first half of the financial year drove this result.
- BWM impaired to recoverable amount as held for sale at 30 June 2012. Impairment charge of $5.2m recognised.

YEAR ENDED 30 JUNE ($M)	2012	2011
Restructure costs	(10.2)	-
Non-cash fair value gain on deferred consideration	50.8	29.7
Non-cash loss on sale & impairment of divested assets	(50.2)	(24.0)
Non-cash impairment	(133.4)	(70.3)
Non-cash tax benefit of significant items	*0.6*	*(2.3)*
Total significant items	***(142.4)***	***(66.9)***

Financials con't

Balance Sheet & Cash Flow

($M)	2012	2011
Cash	21.5	18.6
Net Working Capital	11.3	24.0
Net Assets Held for Sale[1]	7.8	-
Other Assets	5.3	6.8
Fixed Assets	*6.0*	*12.2*
Intangibles	*142.0*	*456.7*
Total Assets	***193.9***	***518.3***
Provisions & Other Liabilities	*7.3*	*9.7*
Deferred Consideration (PV)	*13.5*	*89.9*
Non-current Borrowings[2]	-	*117.6*
Other Borrowings	*1.4*	*2.7*
Net Assets	***171.7***	***298.4***

YEAR ENDED 30 JUNE ($M)	2012	2011
Operating EBITDA	20.8	53.3
Movement in Working Capital	(0.4)	(4.6)
Restructure costs paid	(10.4)	(4.7)
Equity Incentive Expense/(Benefit)	*1.8*	*(0.8)*
Gross Cash Flow	*11.8*	*43.2*
Net Interest Paid	*(3.7)*	*(13.7)*
Tax refunded / (paid)	*0.8*	*(3.3)*
Operating Cash Flow	*8.9*	*26.1*
Capex[3]	*(4.0)*	*(6.5)*
Free Cash Flow	***4.9***	***19.5***

Free cash flow reduction consistent with earnings reduction following divestments during both 2012 and 2011.

1. Net assets held for sale refers to BWM held for sale at 30 June 2012 and sold on 10 August 2012.
2. Undrawn debt facility of $10 million expiring 31 March 2013.
3. Capex relating to divested and closed businesses in FY12 was $2.0 million (FY11 $3.1 million)

Financials con't

Deferred Consideration Profile

- Deferred consideration outstanding at August 2012 of $3.1 million – present value of liability of $3.0 million
  - Tranche 1 – $2.4 million capped cash payments.
  - Tranche 2 – 0.4 million shares to be released from escrow
  - Tranche 3A & 3B – EBITDA triggers adjusted for divestments to $54.1 million and $64.1 million respectively

GROSS DEFERRED CONSIDERATION LIABILITY	$M
Opening Estimate (30 June 2011)	*103.8*
Payments in FY12	*(18.5)*
Issue of Shares in FY12	*(12.1)*
Impact of Fair Value & Goodwill Adjustments	*(60.2)*
FX Revaluations	*0.6*
Settled August 2012	*(10.5)*
Closing Estimate (22 August 2012)[1]	***3.1***

1. Total Tranche 3A and 3B conditional deferred consideration of $72.9m not recognised at 30 June 2012. Total Tranche 3A and 3B reduced to $57.9m in August 2012.

Appendix

Net Revenue & Operating EBITDA

YEAR ENDED 30 JUNE 2012 ($M)	2012 TOTAL	DIVESTED COMPANIES	CLOSED BUSINESSES	2012 PRO FORMA
Operating Companies	*148.6*	*-*	*-*	*148.6*
Field Marketing	*51.1*	*(51.1)*	*-*	*-*
Unallocated	*25.5*	*(25.4)*	*(0.1)*	*-*
Total Net Revenue	*225.2*	*(76.5)*	*(0.1)*	*148.6*
Operating Companies	*24.1*	*-*	*-*	*24.1*
Field Marketing	*6.6*	*(6.6)*	*-*	*-*
Unallocated	*0.3*	*(0.5)*	*0.2*	*-*
Head Office	*(10.2)*	*-*	*-*	*(10.2)*
Total Operating EBITDA	*20.8*	*(7.1)*	*0.2*	*13.9*

1. Unallocated includes BWM sold in August 2012 , Image Box sold in May 2012, ISS Marketing sold in June 2012 and Mark Communications which was closed in September 2011.

Appendix

Net Revenue & Operating EBITDA

YEAR ENDED 30 JUNE 2011 ($M)	2011 TOTAL	DIVESTED COMPANIES	CLOSED BUSINESSES	OPTIONS REVERSAL	2011 PRO FORMA
Operating Companies	155.6	-	-	-	155.6
Field Marketing	128.9	(128.9)	-	-	-
Unallocated[1]	59.1	(55.4)	(3.7)	-	-
Total Net Revenue	343.6	(184.3)	(3.7)	-	155.6
Operating Companies	25.7	-	-	-	25.7
Field Marketing	24.5	(24.5)	-	-	-
Unallocated[1]	13.1	(13.2)	0.1	-	-
Head Office	(10.0)	-	-	(3.3)	(13.3)
Total Operating EBITDA	53.3	(37.7)	0.1	(3.3)	12.4

1. Unallocated includes the digital businesses sold to Salmat in December 2010, Findology sold in December 2010, Sledge sold in January 2011, andYield Media which was closed in March 2011.