



ASX ANNOUNCEMENT

25 October 2012

2012 Annual General Meeting

CEO address

Today I'm pleased to present my first Annual General Meeting as CEO of Enero Group Limited.

While we've only taken the first steps on our journey of transformation, a great deal has been achieved since I took the role in January this year.

Perhaps most obviously, you voted to change the name of the Group. Given some of the challenges of the past we felt was important to create a new sense of direction for the future, with new values, new energy and new thinking so Enero, which is Spanish for January, came into being.

What we liked about the spirit behind Enero is that everyone looks forward to the new year each January with a sense of optimism, excitement, renewed energy and a willingness to try new things. All of which we felt were great attributes to have in the DNA of our new Company.

Just as importantly, along with the name change, we changed the vision of our Company. We are all living through an incredibly dynamic time, where the scale and rate of change is breathtaking. This change is clearly being felt across the marketing and communications sector and brings with it both challenge and opportunity. Our new corporate vision and group strategy is fully aligned to take advantage of the tectonic shifts taking place across business and consumer marketing and, in particular, digital, data, social and mobile trends.

Our ambition is to be the most *'lean forward' digitally centred marketing services group*. Our Companies are young and vibrant and our people are professional and passionate. Given our Group's relatively small size, we can be nimble and move quickly and be the team that is best placed to help our clients figure out the future.

We made a series of other changes that will help set us up for a bright future covering broadly:

- Financial;
- Structural; and
- Operational.

Financially:

We consolidated the shares, we extinguished the debt at December 2011 and have built a cash surplus of approximately \$7.5 million. We tidied up the balance sheet and took cost out of the Group Office.

We have now almost fully moved out of the earn out era and the focus of our people needs to be on building high quality businesses and doing great work for the longer term, and I'll talk more a little later about what we've done to ensure that happens.

Structurally:

We closed, merged or exited businesses that were not core or were underperforming.

We simplified our Group around a more coherent footprint represented by our best brands and we have restructured into one smaller, more nimble international group of 11 businesses that represent the better founded, better known and better run units of the former Group entity.

We changed our Board – which included welcoming John Porter as our new Chairman.

**Operationally:**

We changed the way we run the Company. We formed a Global Leadership Team with the key personnel in our hubs of Sydney, New York and London so that our best people who run our best companies have a direct say in how we run and grow the Group.

Culture starts at the top and the creation of a Global Leadership Team from within the business is a significant step towards increasing cohesion between the operating businesses and the Group.

We embraced new technology platforms and became a social business. We began using a new collaboration platform called Convo. We now have Convo groups working within our companies across client projects and job specific functions. The platform makes collaboration easier especially across multiple geographies and time zones. We use it for our Global Leadership Team and there are Convo groups across multiple companies on topics including Social Media, Data, IT, HR and Finance.

We have changed our property strategy to encourage greater collaboration. In Sydney we have relocated the majority of our companies to the Surry Hills media hub. Using a 'precinct' approach, there will be only a 5 minute walk between each location. All but two Sydney companies are now in Surry Hills.

In London we have five companies occupying two locations about 200 metres apart with one remaining Company just a ten minute taxi ride away.

In New York next March all our companies there are moving to one new shared office facility in the Flat Iron area which is a digital hub in New York now known as 'Silicon Alley'.

We became more international in our outlook. A significant amount of our revenue and EBIT flow from our Australian operations, however the proximity in the USA to the global headquarters of multi-national companies plus the digital and technology hubs means we have a great opportunity in the USA to grow our whole network by being more active there.

Furthermore, the emerging BRIC and next 11 markets are a key priority for multinational clients, with better growth rates being achieved in those countries. We are very conscious of the opportunities that can arise from being present in carefully selected new locations or by being able to actively service our clients wherever and whenever we are needed.

We put greater focus back on to our key asset, our people. We have deployed new HR professionals across our companies. More training is taking place within companies and a regular shared training curriculum at Group level will be rolled out shortly.

I'm pleased to say that 45% of our staff are under 30 years of age and most bring with them a greater ease with technology along with tremendous passion and energy to work each day. However this age group also require demand training and this, along with ensuring a positive learning workplace culture, are important for us to focus on.

We are building a more collegiate culture across the group. It is pleasing to see that in a relatively short amount of time people are becoming more open with each other. They are collaborating more and more and experiencing the benefits of this.

Looking ahead:

We feel we've made a good start but there is still much to do. We still have some challenges to address within some offices to get them running as well as we'd like.

The market conditions in our sector continue to be very tough which is resulting in challenging operating conditions for our businesses. We are taking a longer term view on the financial results of the group and in the short term we expect challenges to continue until we have the optimal structure in place and more confidence builds across our key hubs and in the sector generally.

We are making the necessary changes to the business but this will continue to take time to deliver results to shareholders. We are investing back into the operating businesses and will continue to do so over the next phase to ensure we are best placed for long term growth.

Our geographic spread of companies needs more development work to be at a consistent level of strength across our hubs in Sydney, London and New York. We would also like to see more multinational client relationships shared across our companies and geographies. We can and will build our collaboration culture much further. We will



continue our commitment to rapidly advance our digital, data, social and mobile expertise. We are already well along this path – very few projects we manage today would not have a digital, social or mobile component within them.

So we will maintain our energy around new channels while continuing to hone and nurture our existing deep capabilities across Strategy, Creativity, Direct, Market insight and Research, Public Relations, Stakeholder Communications, Experiential and B2B.

Having visited many of our offices around the globe and spent more time with my colleagues, I know that we have some of the most talented, passionate and entrepreneurial people in the industry. Our goal is to better harness those talents and provide our people with the best opportunities to maximize their potential and enjoy what they do.

If we do this well, we will be successful in building stronger businesses, based on stronger relationships and with that build greater shareholder value.

In closing I'd like to take this opportunity to thank the Board for its support of our team.

My sincere thanks goes to every one of our colleagues around the Group for their efforts over the past year in continuing to deliver excellent work for our clients during what was at times a challenging and distracting period in the group's history.

It is now time for Enero to look to the future with optimism and confidence. We have a solid financial position with no debt. We have great brands and talent and our sights are set firmly on growth and carving out a unique and premium offer for our clients.

Our vision for the year ahead is to embrace change, forge strong relationships with existing and new clients, and deliver an outstanding service, all to enhance value for our shareholders.

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