



ASX ANNOUNCEMENT

31 October 2013

2013 Annual General Meeting CEO address

Good morning Ladies and Gentlemen,

Thank you all for attending today. Before I provide you with an update on the previous financial year and talk about some of the work we have been doing across the Group, I would like to take a moment to re-introduce the Enero businesses and their capabilities to you. Each business has a unique service offering that is highly relevant and well placed within their sector of the marketing landscape.

I will share some of our recent client work later in the meeting and I hope you will stay on after the formal proceedings to meet some of our Sydney based CEO's who have joined us today. They will be pleased to talk with you about how we work with our clients to help solve their marketing problems.

As I complete my first full financial year as Chief Executive Officer of Enero, I remain very optimistic about the achievements and progress of the Group, despite what was a difficult financial year.

Last year we commenced our journey of transformation. While the financial results suggest we still have a long way to go to achieve our strategic goals and deliver real returns for shareholders, we have successfully executed a number of important structural changes to the way the Group operates.

We see this as a journey of three parts (1) Remedial – about getting our house in order, addressing some of the underlying complexity and quality issues that have hindered this group in the past (2) Reliable – delivering consistent and reasonable results over a sustained period of time and (3) Re-imagined – exploring new opportunities once the first two goals have been achieved. So at the moment it is fundamentally a story around doggedly achieving operational excellence. Across the group we continue to foster a sense of renewal clear direction and energy but this is also being done with a significant focus on remedial actions to get the fundamentals of our business right.



People are at the heart of what we do so we have also done a great deal to improve the culture of the Group, to foster better collaboration across businesses and geographies; to develop and inspire our talented teams; and to provide the structures and support to allow Enero's businesses to continue to deliver outstanding work for their clients and achieve their strategic goals.

Some of our progress in this area includes:

- Adding both a Group Strategy and Operations Director and a Group HR Director to our executive team to provide greater depth of experience and support for Enero's operating businesses;
- A keen focus on cost alignment – we have re-aligned the cost base in each Enero business to better reflect current levels of business activity;
- Better collaboration – we've established more formal and informal opportunities for collaboration and cross-pollination of ideas. We are better networked internally and with our clients via regular cross-business meetings, plus more coordinated Group touch-points, Group training and joint pitching;
- Focus on talent – we've created a global learning and development program to facilitate sharing of knowledge and career progression, and to better identify and harness the skills and experience of our talented staff. In the first three months of the program, over one-third of our staff have participated in an in-house training program.

The strategy for our group of businesses is a simple one – deliver outstanding results for clients by helping them solve their marketing problems. Across our eleven brands, Enero's businesses cover a very broad range of marketing services and our teams work daily to deliver across almost every conceivable medium and channel from television, print and radio to integrated, digital, social, direct, CRM/eCRM and mobile campaigns.

Our public relations businesses continue to do very well - Hotwire, with its specific expertise in Tech PR is superbly placed to take advantage of the exciting and ever changing digital landscape while Frank PR maintains an iconic position in the UK consumer PR space.



Our research and strategy businesses, The Leading Edge and Jigsaw, provide valuable insights and unlock great opportunities for our client's particularly making sense of increasingly data-driven challenges.

Naked now has an eCRM and data skills coupled with stronger creative and production capabilities which open new revenue opportunities across their network. BMF, with a renewed energy, remains one of the best highly creative agencies in Australia with a blue chip client base.

While our B2B specialists Precinct and Corporate Edge continue to provide highly valued services to an outstanding list of major corporates. While our digital businesses, OB Media and DBS continue to do well in their respective fields.

The fundamental shift in the marketing services sector continues at pace with digital and technology evolving rapidly. With this clients are facing even more challenges of bandwidth around managing complexity, understanding elusive audiences, creating compelling content and understanding and unlocking the gems hidden within data. Our companies continue to lead the way in developing solutions for our clients to meet these challenges, including in the past year:

- We founded Enero Data Sciences, a collection of data resources from across the Group with specialist expertise in eCRM and data analytics to provide a greater depth of resource and experience for clients in this growing area;
- We established a dedicated content division called Liquid Content, providing Group-wide resource and expertise in the production of long-form and short-form content; and this team have access to a wide range of staff, skills and equipment including six in-house on-air quality TV edit suites.
- We established a dedicated photographic studio in Sydney, primarily for BMF, which also provides the whole Group with access to a professional in-house production facility. The five studio facility has been consistently busy since opening.



Trading conditions have remained difficult over the year and some of our businesses suffered the loss of key clients. However, where possible, we have used these disappointing losses as an opportunity to refine our offerings, re-align costs and focus on ways to deliver new streams of revenue.

As I mentioned, our people remain Enero's greatest asset. One of our key goals as a Group over the past year has been to focus on delivering a better experience for our staff; looking at new ways to develop their skills and to attract and retain people in our businesses with a deep passion for their work and a desire to advance their clients' businesses. For the first time Enero has a human resources professional sitting at Group level with the appointment of Katie McGrath as Group Human Resources Director in January this year. Katie's appointment has allowed the Group to develop a more structured and capable human resources team, providing greater consistency and support for Enero's businesses to deal with people management and succession planning, and to attract and retain staff. We have also established an in-house recruitment function which has not only delivered tangible cost savings but, importantly, allows us to proactively seek out the most talented candidates and place them in the Group.

The Group now also has a global learning and development program led by an in-house team, which assist in career development, up-skilling of employees and attracting the top talent across the industry.

The Global Leadership Team has been vital in disseminating Enero's values and strategy to the wider Group and I am keen to ensure that the next level of talent has a pathway to success over the coming years through initiatives similar to this one.

We have already started to see the benefits of some of these new initiatives - with a reduction in recruitment expenses, the transfer of talent between Group companies, stronger relationships across businesses and joint pitching.

We have continued our drive on an operational focus and collaborative approach during the year which has resulted in better infrastructure, more consistent technology across the Group and fewer property locations for our staff.



We have invested in our infrastructure through the roll-out of standard IT, finance and operations platforms across the Group, providing better systems to connect our businesses and allowing greater insights into the profitability and resourcing of each business.

We have taken the co-location of businesses within our major hubs to the next level with a hub office in New York now housing all of Enero's US businesses. Our UK businesses are now situated in only three offices and our Sydney businesses are co-locating into three offices, within a five kilometre radius. The co-location of businesses has made collaboration and cross-pollination easier, facilitating shared resources and talent and creating new business opportunities for Enero businesses.

We remain a business with a global footprint, focused on the three key hubs – Sydney, London and New York - where we can leverage organic growth opportunities. Restructuring this financial year has been centred on ensuring we have the right structure and balance between management and staff.

I thank the Board for its continued support of the management team which has allowed us to make tough decisions in the interests of pursuing a long-term vision for the Group. The Board has shown a great degree of understanding of the challenges faced in aligning the cultures of historically very different businesses, across several geographies, in a challenging trading environment.

I would also like to thank the Group executive team for their continuing hard work and commitment.

Most importantly, to the staff across all of Enero's businesses, without your passion, energy, creativity and enthusiasm we would not be able to deliver outstanding solutions to our clients' problems. As I walk around our businesses I am continually reminded that we have some of the most talented employees in the industry, with creative, strategic and technological smarts, who will serve the Group very well into the future.

The past financial year has been focused on improving the foundations of the business, right-sizing the structures and investing in our people and our systems. What clients are looking for today is agility, fresh thinking and highly effective, targeted outcomes. Enero is now better networked and, as a smaller more integrated Group, is better placed to adapt to our clients' needs. Disappointingly, the financial results do



not yet reflect the work we have done behind the scenes to create a platform from which we can start to see reliable results and drive value for shareholders.

At a time of rapid change in the marketing services sector, Enero's collection of world-class businesses remains particularly relevant:

- Hotwire was ranked second in PR Week UK's tech PR league table;
- Naked collected two Gold and a Silver Lion at Cannes this year and won the Grand Prix at CommsCon and the prestigious WARC Innovation award;
- Frank PR also won a Silver Lion at Cannes; and
- BMF is currently second in Campaign Brief Magazine - Creative Agency rankings of top agencies in Australia.

Our other businesses are also winning recognition all the time - not just through awards but through repeat business with clients and long-lasting significant relationships where we have become a vital partner in helping a client achieve their goal.

Our team are fit, energized and committed to this journey. I can assure you that we will continue to work hard to foster closer working relationships and collaboration between our businesses, embrace the development of our people and invest our energies and efforts in producing exceptional work for our clients – all of which will place us well on the path to long-term success and delivering better value for our shareholders.

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