ASX ANNOUNCEMENT 17 May 2017

Enero Group releases capital restrictions; declares fully franked special dividend and adjustment to share capital

Enero Group Limited (ASX:EGG) ("the Company") is pleased to announce the declaration of a fully franked special dividend of 5 cents per share and a share capital adjustment. These capital management initiatives follow the release of the capital restrictions on the Company in place since September 2010 under historical restructured deferred consideration agreements.

Contingent Deferred Consideration Liabilities

Following the expiry of additional individual vendor sunset dates of contingent deferred consideration liabilities between January and April 2017, the total contingent liability amounts under these arrangements has reduced by a further $5m. The Company agreed with its remaining contingent deferred consideration liability holders to waive any further rights for nominal consideration.

Fully Franked Special Dividend of 5 cents per share

The Directors today declared a fully franked special dividend of 5 cents per share. The record date for determining entitlements is 7 June 2017 with a dividend payment date of 26 June 2017.

Adjustment to Share Capital under section 258F of the Corporations Act

The Directors have resolved to reduce the share capital of the Company by $397.2 million in accordance with section 258F of the Corporations Act 2001 (Cth), reducing share capital that is lost or not represented by available assets.

This is a technical adjustment which does not require shareholder approval and which will have no impact on the net assets, financial results, cash flow or funding of the Company. The number of shares on issue will not change as a result of the share capital reduction.

The capital adjustment will have the effect of reducing the share capital account and reducing the accumulated losses in the Company's financial statements. These accumulated losses predominantly arose from historical losses on sales and prior impairments of assets.

The Company makes the following disclosures to shareholders under ASX Listing Rule 7.20:

- The number of securities on issue will not be affected and no amount was previously or will be unpaid on any of its securities pursuant to the share capital reduction; and
- There are no fractional entitlements arising from the share capital reduction.

Chairman John Porter said "The release of the capital restrictions allows the Directors to put capital management back on the agenda and enhance shareholder value. The special dividend is recognition to our shareholders of their long term and ongoing support and the Directors believe a return of some of the capital accumulated over the capital restriction period, coupled with the ability to distribute franking credits, is appropriate at this time."

CEO Matthew Melhuish said "Today's announcement is another step in our three phase strategy. While we now have more ability to freely manage our capital, the focus within the Group remains building strong businesses in key service offerings – insight and strategy, creative agencies and public relations across our core geographies. 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."

Contact:
Brendan York
+61 2 8213 3084

Enero Group Limited
Level 2
100 Harris Street
Pyrmont NSW
Australia 2009
Telephone +61 2 8213 3031
Facsimile +61 2 8213 3030
ABN 97 091 524 515
enero.com