

ASX ANNOUNCEMENT

2018 Annual General Meeting CEO Address

Good morning ladies and gentlemen, many thanks attending our Annual General Meeting today.

I am pleased to be here today to recap on FY18 and also brief you on the Group's strategic direction and ambitions moving forward. FY2018 has been an important year for Enero Group with significant milestones achieved across both the 'Reliable' and 'Re-Imagined' dimensions of our strategic plan. In terms of 'Reliable', the FY2018 Group financial result demonstrates that our businesses are now better, stronger and more consistent in what they do and how they do it.

Financially the Group has delivered increases across all key metrics including:

- Net Revenue up 3.5% to \$103.7 million;
- Operating EBITDA up 29.8% to \$13.5 million; and
- Operating EBITDA margin up to 13%.

From the 'Re-Imagined' perspective, the year was highlighted by the acquisition of Orchard – a significant digital agency with excellent capabilities based in Sydney and New York. Orchard is the third step in our 'Re-Imagined' journey so far, following on the heels of the Eastwick acquisition for Hotwire USA in late 2016 and the release of the Group's capital restrictions in May 2017. This allowed us to commence paying dividends to our shareholders over the past year.

Today we have a team of 600 employees working across eight countries and fifteen cities around the world. It is interesting to note that more than 300 of our employees are specialists in digital or technology roles. The other 300 employees have diverse skills ranging across strategy, data analytics, research insight, creative, content production and social media along with new business, finance and administration. Together this is a powerful mix of capabilities centred on the service areas that clients want and need when it comes to their marketing services.

Further to that end, during FY2018 we focused our Group offering into four key service pillars that align with the main constituent elements of the marketing services landscape:

- Strategy and Insight
- Creative and Content
- Integrated Communications and PR
- Digital

The four pillars provide a simpler way to navigate the Group, making it easier for us to become a more holistic partner for our clients through more aligned capabilities, greater scope for end-to-end opportunities and simpler entry points into the Group.

FY2018 was also a milestone year for increasing agency touchpoints with our clients by either:

- (1) more of our agencies working in collaboration across a single client; or
- (2) one of our agencies working with the same client across multiple geographies.

For example, Hotwire has embraced the concept of 'Borderless Thinking' which is focused on ensuring that the best talent and thinking are assembled for a current client or client pitch irrespective of where that talent is located.

This has helped Hotwire secure a number of new large clients and grow the scope with current major clients throughout the year including now working with McAfee across eight markets, with Facebook in three markets and with Eaton Corporation in 16 markets including our affiliate network.

Meanwhile in our Sydney office, Precinct, The Leading Edge and Orchard have collaborated together on integrated assignments for University of NSW while Naked, Frank and Orchard have worked together on Moccona and L'Or brands. Greater collaboration is delivering greater depth of thinking and better solutions across our assignments and this is being appreciated as a better way forward by our employees and clients alike ... so the appetite to go further is there and growing all the time.

The Australian market performed particularly well in terms of revenue and Operating EBITDA growth. BMF continues to lead the way in Australia, having being named EFFIE 'Effective Agency of the Year' in 2017; and the agency has continuing long-term relationships with a number of major clients.

The acquisition of Orchard in February 2018 is key to achieving our vision of a stronger and more integrated digital capability within the Group. Chemistry and cultural alignment were crucial factors in the acquisition process and we are very pleased to now have the excellent Orchard team sitting alongside us in our building at Harris Street in Pyrmont. Adding 70 new Orchard employees to our bustling Sydney office brought another dimension to the client opportunities and we are pleased to have seen a number of the smaller agencies in the Sydney and Melbourne offices also doing particularly well this year.

Frank, Hotwire, Precinct and CPR all enjoyed strong years and are significantly benefiting from the more collaborative and networked environment.

It's important to remember international markets continue to represent over half of the Group's operations, which is slightly lower than the previous year due to the additional weighting of Australian revenue from Orchard. However, opportunities internationally will continue to be the focus for our growth via acquisition, as we want to better balance our portfolio across key markets and sectors. Pleasingly we are seeing an improvement in our businesses in the UK as well as strong growth in our USA-based businesses.

In the USA, while continuing to come off a small base, like-for-like revenue growth and doubling the Operating EBITDA margin to 17.2% sets a solid platform for FY2019. Other highlights in the year included the opening of new Hotwire offices in Minneapolis and Mexico City as they push for expanded remits with clients in those regions; and opening up access to a wider talent pool outside the main USA cities.

In the UK, Hotwire and Frank continue to hold their long-standing records as the most profitable public relations businesses in their region. Excluding the impact of closed offices, this market achieved a 4% increase in revenue year-on-year.

During FY2018 we also welcomed Fiona Chilcott as our new Group Director, People and Culture; and Fiona has made an immediate impact as a positive and dynamic force for good across the Group. We are a people-based business and Fiona and her very skilful and dedicated People and Culture team have introduced many new initiatives that have been welcomed by our employees – who appreciate the effort that is being applied to make their workplace experience the very best that it can be.

There are many important Group programs that take place across the year, but I would like to recognise three activities:

- (1) continuing to focus on the professional development of our people through the high quality learning and development program we offer;
- (2) increasing the number of females in senior leadership roles; and
- (3) our Global Mobility Program.

All three are vital for our Group's ongoing success in our sector as we build a better workplace and a stronger culture ... and seek to attract, retain and develop the very best highly skilled employees in each of our markets.

I would like to sincerely thank all our talented employees who give so much each and every day in their passion for their work and their care for their clients and their teammates. I am very proud that every year that I have stood here in front of shareholders, we have been able to report on a marked step forward from the year before. We are building a high quality, high performing Group and we are very excited about the year ahead.

Our efforts are creating better, more reliable and future-facing businesses for you – our shareholders – and we are very grateful for your engagement and continued support. I look forward to reporting back to you all next year with more progress.

In closing, I would like to read out our Enero manifesto:

Our name means ‘January’ in Spanish, which is why we always look forward with optimism, energy and a zest for life.

We exist to solve challenges for our clients and deliver results beyond their wildest dreams.

To do this we seek to unlock the unique talent that lies within each one of us, allowing our people the support, skills, training and culture that help them become the best version of themselves and in turn make their most effective contribution each and every day.

We are passionate about what we do and seek to inspire, and encourage, all whom we encounter.

We prize diversity of thought and human diversity in all its forms. We care about the world we live in as well as the results and outcomes that we achieve. And we also like enjoy some fun along the way.

We always support each other to grow, knowing that, we are big enough to deliver, yet small enough to care.

Thank you.

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