

ASX ANNOUNCEMENT

2022 Full Year Results

Enero continues to deliver strong results, with FY22 net revenue up 20% and underlying earnings up 40%

12 August 2022: Enero Group Limited (ASX: EGG) is pleased to announce its results for the 12 months ended 30 June 2022 (FY22), a year which saw the Company deliver on its operational strategy and continue to generate strong growth across all key financial metrics with net revenue and operating EBITDA slightly above the guidance provided on 8th June.

Key highlights (excluding significant times)

(\$ million)	FY22	FY21	% Change
Net revenue ¹	193.4	160.6	20.4%
Operating EBITDA ¹	62.2	45.6	36.4%
Operating EBITDA margin	32.2%	28.4%	380bps
Underlying Operating EBITDA (ex JobKeeper)	62.2	44.4	40.1%
Net profit after tax attributable to equity holders	27.1	22.8	18.8%
Earnings per share (EPS)	30.9 cents	26.4 cents	17.0%

Notes:

1. Net revenue is gross revenue recognised in accordance with AASB15 less directly attributable cost of sales. Operating EBITDA is net profit before interest, taxes, depreciation of plant and equipment, amortisation of intangibles, impairment of intangibles, incidental acquisition costs, contingent consideration fair value gains/losses and gains/losses on disposal of controlled entities. Operating EBITDA includes depreciation of Right of Use Assets recognised in accordance with AASB 16.

Commenting on the results, Enero Group CEO Brent Scrimshaw said:

“Throughout FY22 our global portfolio of innovative brands and services delivered strong operating results, continuing our trajectory of sustainable growth in revenue and earnings over the past five years. In line with our operational strategy, Enero’s revenue base is now highly diversified across segments, industries, and clients. Net revenue was up 20% over FY22, while underlying operating EBITDA was up 40%, underpinned by the business’ strong operating leverage. In addition, operating EBITDA margins grew to 32% as we delivered on our commitment to generate industry-leading margins.

“In today’s dynamic global marketplace, brands need to rapidly evolve and embrace digital transformation to ensure business success, continuity, and leadership. Our existing business, combined with the recent acquisitions of ROI DNA and GetIT by the Hotwire group, positions us well to accelerate digital agendas and transformations for clients and brands. The addition of ROI DNA and GetIT further strengthens Hotwire’s reputation and relationship credentials while adding revenue services for both global and high growth technology and innovation companies. Both ROI DNA and GetIT expand our performance marketing capabilities across the UK, Europe, North America, and for the first time into Asia with Hotwire owned offices.”

Growth across both business segments

Brand Transformation

The Brand Transformation segment saw continued revenue growth from all agencies, with net revenue up 11.3% to \$106.7 million. Hotwire benefited from growth in all geographies, with strength in the major markets of the US, UK and Australia. The “Reputation to Revenue” service offering continues to gain momentum in the UK particularly when combined with the performance marketing capabilities delivered from the McDonald Butler acquisition in April 2021. BMF benefited from higher-than-expected government initiatives in FY22 H1 associated with health and a period of government transition.

Creative Technology & Data

The Creative Technology & Data segment growth was underpinned by Orchard and OB Media’s growth, with net revenue up 34.0% to \$86.7 million. OB Media’s performance delivered over 285 million consumers to advertiser websites, up 120% year on year and a 30% improvement in unique visitor conversion, while Orchard onboarded new clients including Tourism Tasmania and amaysim.

Strong balance sheet underpinned by growing cashflows

The Group’s cash balance at 30 June 2022 increased to \$98.7 million (30 June 2021: \$50.7 million) due to a \$36.3m drawdown in debt from Enero’s new debt facility that was subsequently disbursed on 1 July 2022 to fund the acquisition of ROI DNA. Net cash adjusted for debt and contingent consideration was \$52.3 million, up from \$30.6 million at 30 June 2021.

FY22 operating cash flow was \$48.8 million, with the business delivering high EBITDA to cash conversion of 96%.

Dividend payment supported by FY22 performance, strong balance sheet and growth initiatives

The Directors declared a final dividend of 6.5 cents per share, fully franked, up 48% on FY21’s final dividend. The final dividend will have a record date of 20 September 2022 and a payment date of 4 October 2022. This brings the total FY22 dividend to 12.5 cents per share, fully franked.

Positive start to FY23 underpins outlook for continued growth

While still early in FY23, the first 5 weeks have seen a continuation of Enero Group’s growth trajectory. The Creative Technology & Data segment has continued its strong financial performance. The Brand Transformation segment pipeline remains robust with some near-term impact from macro conditions in the US and UK that may contribute to slower client decision making.

We remain focused on managing staff cost ratios and continuing to achieve strong margins across our diversified portfolio of businesses and geographies. Enero is well positioned for organic grow in FY23, along with the full year benefit of ROI DNA and GetIT (Hotwire Group).



Commenting on Enero Group’s outlook for continued growth in FY23, Brent Scrimshaw said:

“Having positioned our business to be focused on high-growth brand transformation, creative technology, and data verticals, we are well positioned to utilise our specialist groups of agencies to sustainably grow in FY23 and beyond.

“The additional capabilities that Enero now has provide us with the opportunity to grow in markets of scale such as the USA, which has strong long-term growth dynamics. Through deep vertical expertise and integrated client support, we are confident that we can deliver ongoing growth as we leverage existing growth in programmatic digital media, marketing automation and data analytics services.”

Investor conference call being held at 10:30am AEST today

An investor conference call with Brent Scrimshaw (CEO) and Carla Webb-Sear (CFO) will be held today at 10.30am AEST. To participate, please register [here](#). Registered participants will be able to participate in the Q&A.

Unregistered participants may join [here](#). Unregistered participants will not be able to participate in the Q&A.

- ENDS -

This announcement was authorised for release by the Board of Directors.

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About Enero:

Enero Group is a specialist portfolio of marketing, technology and communications businesses listed on the ASX (Australian Stock Exchange) that includes creative agency BMF, PR and integrated communications agencies Hotwire and CPR, digital & experiential agency Orchard and adtech platform OB Media.

www.enero.com

Forward Looking Statements

Certain statements made in this release are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Enero Group's current expectations, estimates and projections about the industry in which Enero Group operates, and beliefs and assumptions. Forward looking statements can generally be identified by the use of forward looking words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'will', 'could', 'may', 'target', 'plan' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on future earnings, distributions or financial position or performance are also forward looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Enero Group, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward -looking statements. Enero Group cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Enero Group only as of the date of this release. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.