



ASX Announcement

2024 Annual General Meeting CEO Address

17 October 2024

Enero Group Limited (ASX: EGG) 2024 Annual General Meeting CEO Address – Brent Scrimshaw:

Thanks Ann and good morning everyone,

I am pleased to provide both a business and strategy update to all shareholders at today's AGM as we look back on a year of mixed fortunes. Enero businesses continued to deliver exceptional and award-winning work for our clients whilst navigating the on-going challenges of macro-economic uncertainty and in particular, the technology sector.

As a business with more than 60% of our revenue outside of Australia, we recognise that FY24, was both a dynamic and at times a cautious trading environment for some of our clients, with impact felt across the entire marketing services industry globally.

Our Australian-based agencies again performed strongly during the year, buoyed by a number of new client wins for Orchard and BMF which contributed to a double-digit revenue growth with EBITDA improvement from high-teens to low twenties when compared with FY23. Our internationally-based businesses Hotwire and OBMedia continued to be impacted by ongoing headwinds in the international technology sector and global ad tech market. As a result:

- Net Revenue was \$189.7 million
- EBITDA was \$37.4 million
- Net profit was \$10.3 million

The Group delivered \$21.7 million in free cash flow, reflecting continued strong cash conversion at 88% of EBITDA. This strong cash flow allowed us to continue our share buyback throughout the year and repay the majority of our loan balance. Enero also retains robust financial flexibility for the future through a strong net cash position of \$38.2 million at 30 June 2024.

The Board declared total dividends for FY24 of 5 cents per share, fully franked. This reflects Enero's financial performance for the year and its strong balance sheet and equates to a 44% dividend payout ratio.

We continued to present our financial results on an economic interest basis reflecting our 51% ownership in OBMedia.

As we look to the Group's strategy in FY25 and beyond and the completion of our portfolio refinement, the team is excited about the opportunities that a simplified agency practise represents. It's easy to understand for investors, efficient to operate for our leaders, and most importantly it's effective for our clients.



If we double click into that strategy, in FY25 each business in the portfolio now has a clear 'reason for being' alongside a clear mandate for growth.

The Hotwire Group, is focussed on the integration of its Reputation, Relationship, and Revenue services offering in the technology industry. Hotwire is leaner, more relevant than ever and well positioned for a global technology rebound. 65% of Hotwire revenue is from clients who have relationships with more than one Hotwire Group brand or country.

As Australia's leading healthcare practice, Orchard continues to extend its leadership positioning, while capitalising on the strong organic growth of its US based business. Orchard has also done a great job expanding its offshore talent hub whilst maintaining local expertise to maximise commercial returns.

And we will continue to enhance BMF who was just last week named once again, as Australia's most effective agency sweeping the pool at the 2024 Effie Awards, which represents the highest standard of any marketing effectiveness award programme in the world. BMF scored both the highest number of finalists and winners including the grand Effie, with clients such as ALDI supermarkets and Tourism Tasmania.

BMF moves into FY25 from a record FY24, with client wins such as Endeavour Group and Stan. BMF's market leading position is pleasingly matched by its robust new business pipeline which includes pitching for a number of large scaled and highly visible Australian brands.

Our Australian agencies now drive 60% of revenue from clients who have relationships with both BMF and Orchard

I'd like to conclude today's presentation by thanking Enero's talented global teams. We continue to believe in the power of independent thinking within a structured framework. Our unique approach simply liberates ideas, allowing them to flourish and drive growth for our clients. We are united by free thinking to stay a step ahead in a rapidly evolving market.

So that concludes this morning's business review, and I would now like to turn to our Q1 trading update.

There has been strong momentum in the new business pipeline in Australia with new large clients including Endeavour Group (Dan Murphys and BWS) building on the success of recent client wins. This has resulted in increased pitch costs during the quarter.

Positively, these pitch costs have been more than offset by ongoing cost reductions in the Technology, Healthcare & Consumer Practice, leading to an improvement in margins in Q1 FY25 of 16% compared to H2 FY24 of 14%.

Overall, Q1 FY25 revenue has continued to be impacted by the challenging international technology marketplace. THC Practice revenue declined by 6% YoY while OBMedia revenue declined by 24% YoY. OBMedia EBITDA margins in Q1 FY25 was 44% versus 46% in H2 FY24.

OBMedia sale remains on track to conclude in Q2 FY25.

Enero remains committed to proactively reducing its corporate cost base regardless of an OBMedia sale.



That concludes my presentation this morning, and I'll hand back to Ann for the formal matters to be considered.

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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 the Hotwire Group (Hotwire, ROI DNA), digital and experiential agency Orchard and adtech platform OBMedia.

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.