ASX ANNOUNCEMENT 21 August 2013

Results for year ended 30 June 2013

Enero Group Limited (ASX: EGG) today announced its results for the year ended 30 June 2013.

Summary

- Further enhancements to the operating group approach and strengthening of executive team
- Group strategy on new business, client and talent retention & development
- Net Revenue and Operating EBITDA[1] lower
- Reduced Net Loss after tax from prior reporting period
- Strength in balance sheet with cash reserves and efficient working capital management

Enero Group CEO, Matthew Melhuish said: "While we are naturally disappointed with the results for the financial year, we continue to build our operating structure and are working hard to get the fundamentals of a high performance group right. We have strengthened our executive team, the operating brands are now working collaboratively across new business, existing clients and sharing of talent, and importantly we are focused on delivering outstanding work for our clients in this rapidly changing marketing landscape".

Financial Performance

A$ million	**FY2013**	**FY2012**
Net Revenue	127.3	225.2
Operating EBITDA[1]	3.6	20.8
Net Loss after tax to equity holders[3]	(83.0)	(143.3)
Pro forma (continuing businesses)[2]		
Net Revenue	125.6	148.6
Operating EBITDA[1]	3.5	13.9

Notes:

1. Operating EBITDA is earnings before interest, tax, depreciation, amortisation, impairment, loss on sale, fair value adjustments to deferred consideration, and restructuring costs. Operating EBITDA is the primary measure used by management and the directors in assessing the performance of the Group. It provides information on the Group's cash turnover excluding significant transactions and non-cash items which are not representative of the Group's on-going operations or cash flow.
2. Pro forma excludes the contribution of Field Marketing businesses sold in November 2011, Retail Insight's point-of-sale business sold in September 2011, BWM sold in August 2012, ISS Marketing sold in June 2012, Image Box sold in May 2012, the closure of Counterpoint, Yield Media, Marching Ants during FY2012. Pro forma revenue and Operating EBITDA are presented to provide an accurate representation of the Group's current year operations compared to the same operations in the prior period.
3. Net loss after tax includes significant items of $78.5m incurred during the current reporting period (FY12 $142.4m). Refer to attached results presentation for detailed analysis.
4. The results announcement and attached presentation includes the following measures used by the Directors and management in assessing the on-going performance and position of the Group: Operating EBITDA, Pro forma net revenue, pro forma Operating EBITDA, NPAT before significant items and NPATA before significant items. These measures are non-IFRS and have not been audited or reviewed.

Net Loss after tax:
The net loss after tax to equity holders was $83.0m (FY12:$143.3m) and was driven by a review of the carrying value of Enero's intangible assets and the subsequent non cash impairment charge of $75.9m (FY12: $133.4m). The prior reporting period also included a non-cash $50.2m loss on sale of assets.

Pro Forma business operating performance:
Pro forma revenue was down 15% on prior year and pro forma Operating EBITDA was down 75% on prior year. Contributing factors to the performance as compared to the prior year on a pro forma continuing business basis were:

- Subdued client spend and a shift to project based business;
- BMF was impacted by the loss of the retained Commonwealth Bank business, reducing overall operating margins;
- Naked Communications has completed the investment and restructuring program across the second half of the financial year with an operational realignment of the business, material reductions in the cost base, scaling back to three core offices and change-out in leadership.

Financial Position:
The Company had total cash balance of $19.4m at 30 June 2013. The Company remains debt free and has achieved efficient working capital management discipline over the financial year resulting in strong operating cash flows.

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ENERO

Enero Group Limited
FY13 Full Year Results

21 August 2013

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Non-IFRS Performance measures

This results presentation uses non-IFRS performance measures which have not been audited or reviewed. The Company believes that, in addition to the conventional measures reported under IFRS, the Company and investors use this information to evaluate the Company's performance. Non-IFRS performance measures include Operating EBITDA and Pro forma continuing business performance which are defined in the presentation.

ENERO

Executive Summary

Executive Summary

Operational

- Further enhancements to the operating group approach.
- Collaboration across Group on new business and lead generation of sales.
- Group recruitment and talent management – greater focus on our people.
- Strengthening of executive team.
- Continued focus on key hubs – Sydney, London and New York.
- Implementation of stronger processes and systems to deliver more rigour around profitability, better retention and development of staff and a higher level of client satisfaction.

Executive Summary cont'd

Financial

- Net revenue down 15.5% on the prior reporting period on a pro forma continuing business basis.
- Operating EBITDA down 74.8% on the prior reporting period on a pro forma continuing business basis.
- 2H FY2013 consistent with 1H FY2013 on an Operating EBITDA basis when excluding the Naked investment costs.
- Net loss after tax reduced as compared to prior reporting period, but impacted by impairment charge on intangible assets.
- Continue to be debt free with cash reserves on hand.
- Despite disappointing financial results, operating cash flows are positive and the group is focused on strong working capital management.

Executive Summary cont'd

Revenue and Operating EBITDA

Pro forma results are adjusted for significant restructuring and divestments to allow for review of continuing business. Refer to Appendix on slides 17 and 18 for further details.

YEAR ENDED 30 JUNE ($M)	2013	2012	CHANGE
Net Revenue	127.3	225.2	(43.5%)
Net Revenue from other divestments and closed businesses[2]	(1.7)	(25.5)	(93.3%)
Net Revenue from Field Marketing discontinued operation	-	(51.1)	nm
Pro Forma Net Revenue	**125.6**	**148.6**	**(15.5%)**
Operating EBITDA[1]	3.6	20.8	(82.7%)
Operating EBITDA from other divestments and closed businesses[2]	(0.1)	(0.3)	(66.7%)
Operating EBITDA from Field Marketing discontinued operation	-	(6.6)	nm
Pro Forma Operating EBITDA	**3.5**	**13.9**	**(74.8%)**
Pro Forma Operating EBITDA Margin[3]	**2.8%**	**9.4%**	**(6.6bp)**

1. Operating EBITDA is earnings before interest, tax, depreciation, amortisation, impairment, loss on sale, fair value adjustments to deferred consideration and restructure costs. Refer to slide s 13 and 14 for detailed analysis of costs.
2. Contribution from BWM sold in August 2012, ISS Marketing sold in June 2012, Image Box sold in May 2012 and Mark Communications closed in September 2011.
3. Pro Forma Operating EBITDA Margin is Pro Forma Operating EBITDA / Pro Forma Net Revenue.

Operational Update

Operational Update

Operating EBITDA down on prior year performance on a continuing business basis

- Operating conditions continue to impact revenue and margins across the Group. Client spending remains subdued and the shift towards project work over retained relationships continues.

- Group approach to new business generation through regular cross business meetings identifying opportunities and joint pitching.

- Group executive team strengthened – appointment of Stephen Watson as Group Strategy and Operations Director and appointment of Katie McGrath as Group Human Resources Director.

- Property co-locations effected in FY 2013 has resulted in:
  - All New York based businesses in one office
  - All London based businesses in three offices
  - All Sydney based business in four offices within 5 km radius

- The property co-locations are fostering sharing of talent, skills and clients while providing operating cost savings.

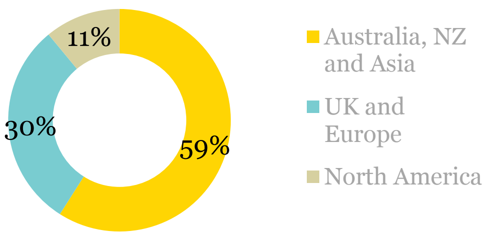
Operational Update cont'd

- Group learning and development program and group recruitment strategy initiatives rolled out in 2H FY 2013 which provides an efficient means of targeting and retaining talent.
- Hotwire continues its successful international expansion with San Francisco office opened in February 2013, and further opportunities in the US market.
- BMF impacted by the loss of the Commonwealth Bank retainer in FY2013.
- New BMF CEO Dominic Stinton commences at end of August.
- Frank PR continues to invest in US market.
- Naked completed 2H FY2013 $2m cost program on a mix of restructuring and investment into the business. This included a scale back of satellite offices to allow focus in three key markets – Australia, UK and US. UK market re-emerging under new leadership with key client wins and re-opening of significant relationships with former Naked global clients. Broader international presence maintained through implementation of affiliate arrangements.

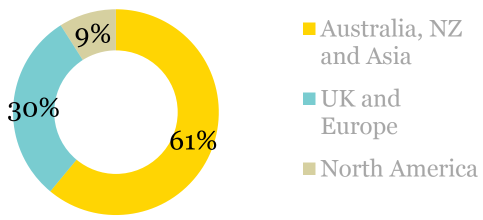
Operational Update cont'd

Geographical Contribution from operating companies

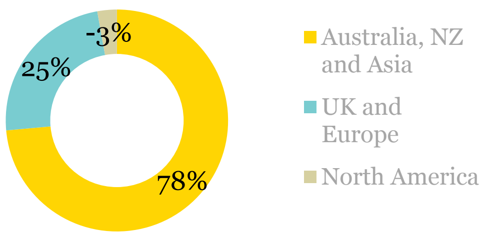
Pro forma Net Revenue FY2013



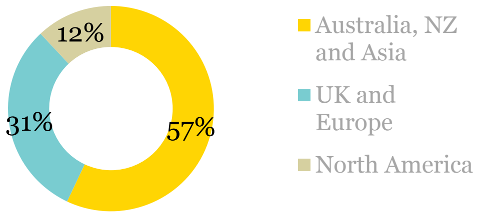
Pro forma Net Revenue FY2012



Pro forma Operating EBITDA FY2013



Pro forma Operating EBITDA FY2012



Financials

Financials

Profit & Loss Summary

YEAR ENDED 30 JUNE ($M)	2013	2012
Net Revenue	127.3	225.2
Staff Costs	(92.1)	(166.5)
Operating Expenses	(31.6)	(37.9)
Operating EBITDA[1]	**3.6**	**20.8**
Operating EBITDA Margin	*2.8%*	*9.2%*
Depreciation & Amortisation	(4.9)	(7.9)
Net Interest	(0.6)	(4.6)
PV Interest	(0.1)	(4.3)
Tax	(1.7)	(4.2)
Minority interests	(0.8)	(0.7)
NPAT/(NLAT) before significant items[2]	**(4.5)**	**(0.9)**
NPATA before significant items[3]	**(3.0)**	**1.6**
Significant items[4]	(78.5)	(142.4)
Net loss after tax to equity owners	**(83.0)**	**(143.3)**

1. Operating EBITDA provides meaningful information on the group's cash flow generation excluding significant transactions and non cash items which are not representative of the group's on-going operations
2. NPAT/NLAT before significant items represents net profit/(loss) after tax before the impact of significant, non-recurring and non operational impacting items.
3. Excludes non-cash amortisation of acquired intangibles FY12: $1.4m (FY12: $2.5m).
4. Refer to slide 14 for significant items.

Financials cont'd

Profit and Loss Summary con't

Significant items

- A review of the carrying amount of intangible assets led to a non cash impairment charge of $75.9m being recognised. A weaker than expected performance during the first half drove this change.

YEAR ENDED 30 JUNE ($M)	2013	2012
Restructure costs	(3.0)	(10.2)
Non-cash fair value gain on deferred consideration	0.7	50.8
Non-cash loss on sale & impairment of divested assets	(0.3)	(50.2)
Non-cash impairment	(75.9)	(133.4)
Non-cash tax benefit of significant items	-	*0.6*
Total significant items	***(78.5)***	***(142.4)***

Financials cont'd

Balance Sheet & Cash Flow

($M)	2013	2012
Cash	19.4	21.5
Net Working Capital	2.4	11.3
Net Assets Held for Sale[1]	-	7.8
Other Assets	4.4	5.3
Fixed Assets	7.6	6.0
Intangibles	73.2	142.0
Total Assets	**107.0**	**193.9**
Provisions & Other Liabilities	6.1	7.3
Deferred Consideration (PV)	0.1	13.5
Other Borrowings	1.7	1.4
Net Assets	**99.1**	**171.7**

YEAR ENDED 30 JUNE ($M)	2013	2012
Operating EBITDA	3.6	20.8
Movement in Working Capital	7.3	(0.4)
Restructure costs paid	(3.9)	(10.4)
Equity Incentive Expense	1.2	1.8
Gross Cash Flow	8.2	11.8
Net Interest received / (paid)	0.1	(3.7)
Tax refunded / (paid)	(1.1)	0.8
Operating Cash Flow	7.2	8.9
Cash funded capex[2 3]	(3.4)	(4.0)
Free Cash Flow	**3.8**	**4.9**

1. Net assets held for sale refers to BWM held for sale at 30 June 2012 and sold on 10 August 2012.
2. Total capex for FY13 was $4.6m with $1.2m funded under lease finance.
3. Capex relating to divested and closed businesses in FY12 was $2.0 million.

Financials cont'd

Deferred Consideration Profile

- Deferred consideration outstanding at 30 June 2013 of $100k.
  - Tranche 1 – $100k capped cash payments.
  - Tranche 2 – 20,833 shares remain in escrow conditions
  - Tranche 3A & 3B – EBITDA triggers adjusted for divestments to $54.1 million and $64.1 million respectively

GROSS DEFERRED CONSIDERATION LIABILITY	$M
Opening Estimate (30 June 2012)	*13.7*
Payments in FY13	*(12.4)*
Issue of Shares in FY13	*(0.4)*
Impact of Fair Value & Goodwill Adjustments	*(0.8)*
Closing Estimate (30 June 2013)[1]	***0.1***

1. Total Tranche 3A and 3B conditional deferred consideration of $50.6m not recognised at 30 June 2013.

Appendix

Net Revenue & Operating EBITDA

YEAR ENDED 30 JUNE 2013 ($M)	2013 TOTAL	DIVESTED COMPANIES	CLOSED BUSINESSES	2013 PRO FORMA
Operating Companies	125.6	-	-	125.6
Unallocated[1]	1.7	(1.7)	-	-
Total Net Revenue	127.3	(1.7)	-	125.6
Operating Companies	10.9	-	-	10.9
Unallocated[1]	0.1	(0.1)	-	-
Support Office	(6.2)	-	-	(6.2)
Share based payments charge	(1.2)	-	-	(1.2)
Total Operating EBITDA	3.6	(0.1)	-	3.5

1. Unallocated includes BWM sold in August 2012 .

Appendix

Net Revenue & Operating EBITDA

YEAR ENDED 30 JUNE 2012 ($M)	2012 TOTAL	DIVESTED COMPANIES	CLOSED BUSINESSES	2012 PRO FORMA
Operating Companies	*148.6*	-	-	*148.6*
Field Marketing	*51.1*	*(51.1)*	-	-
Unallocated[1]	*25.5*	*(25.4)*	*(0.1)*	-
Total Net Revenue	*225.2*	*(76.5)*	*(0.1)*	*148.6*
Operating Companies	*24.1*	-	-	*24.1*
Field Marketing	*6.6*	*(6.6)*	-	-
Unallocated[1]	*0.3*	*(0.5)*	*0.2*	-
Support Office	*(8.5)*	-	-	*(8.5)*
Share based payments charge	*(1.7)*	-	-	*(1.7)*
Total Operating EBITDA	*20.8*	*(7.1)*	*0.2*	*13.9*

1. Unallocated includes BWM sold in August 2012, ISS Marketing sold in June 2012, Image Box sold in May 2012 and Mark Communications which was closed in September 2011.