ASX ANNOUNCEMENT 12 February 2015

Results for half year ended 31 December 2014

Enero Group Limited (ASX: EGG) today announced its results for the half year ended 31 December 2014.

Summary:

- Operating EBITDA[1] down 8%, net revenue down 9% on prior reporting period.
- Improved EBITDA margin to 8.2%.
- Key staff hires and expansion in capabilities.

Enero Group CEO, Matthew Melhuish said: "We continue to be very satisfied with the progress that is being made on new business generation, operational efficiencies in the business units and the spirit with which collaboration and working together is being embraced. While we are cognisant about the decline in revenue and Operating EBITDA compared to the prior reporting period, there is positive momentum to take into the second half of the year".

Financial Performance:

A$ million	1HFY2015	1HFY2014	Variance
Net Revenue	56.2	61.6	(9%)
Operating EBITDA[1]	4.6	5.0	(8%)
Net profit after tax to equity holders[2]	**0.4**	**0.2**	**100%**
EBITDA Margin	8.2%	8.1%	

Notes:

1. Operating EBITDA is earnings before interest, tax, depreciation, amortisation, impairment, loss on sale, commercial settlements 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. Net profit after tax includes significant items of $0.6 m (1HFY2014: nil). Refer to attached results presentation for detailed analysis.
3. 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, NPAT before significant items and NPATA before significant items. These measures are non-IFRS and have not been audited or reviewed.

Business operating performance:
Net revenue was down 9% and Operating EBITDA was down 8% on prior year. However the EBITDA margin held constant with focus on key financial metrics within each business unit. Additionally, the Group invested in key staff and expansion in capabilities during the reporting period.

Refer to the results presentation for further details on operating business performance.

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Enero Group Limited
FY15 Half Year Results

12 February 2015

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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.

Financials

Financial

- Operating EBITDA down 8% on the prior reporting period.
- Net revenue down 9% on the prior reporting period.
- EBITDA margin improvement from 8.1% to 8.2% generated by cost base reductions in staff. A larger margin improvement would have been achieved however the Group invested in a number of key staff hires and expansion of capabilities during the period.

Financials continued

Revenue and Operating EBITDA

SIX MONTHS ENDED 31 DECEMBER ($M)	2014	2013	CHANGE
NET REVENUE			
Operating Companies	56.2	61.6	(8.8%)
Net Revenue	**56.2**	**61.6**	**(8.8%)**
OPERATING EBITDA			
Operating Companies	8.3	8.5	(2.4%)
Support office	(3.2)	(3.0)	(6.7%)
Share based payments charge	(0.5)	(0.5)	-
Operating EBITDA	**4.6**	**5.0**	**(8.0%)**
Operating EBITDA Margin [3]	**8.2%**	**8.1%**	**0.1bp**

1. Operating EBITDA is earnings before interest, tax, depreciation, amortisation, impairment, loss on sale, fair value adjustments to deferred consideration, commercial settlement and restructure costs. Refer to slide s 10 and 11 for detailed analysis of costs.
2. Operating EBITDA Margin is Operating EBITDA / Net Revenue.

Financials continued

Results ratio analysis

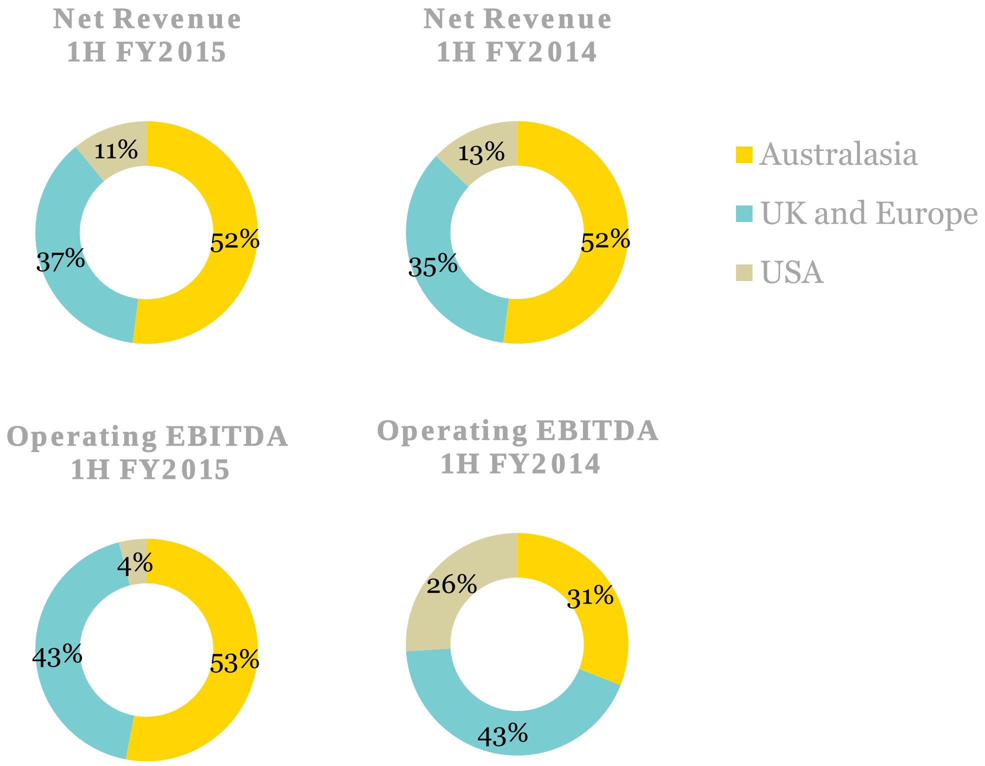
SIX MONTHS ENDED 31 DECEMBER ($M)	2014	2013
Net Revenue	56.2	61.6
Staff costs	40.6	45.4
Staff costs %	*72.2%*	*73.7%*
Operating costs	11.1	11.4
Operating costs %	*19.8%*	*18.5%*
Operating EBITDA	**4.6**	**5.0**
Operating EBITDA Margin	**8.2%**	**8.1%**

Staff costs includes all full time and freelance/casual employees and contractors.

- Staff costs ratio trending down to 72.2% in the period. Progress being made to reduce overall staff costs.
- Operating costs were flat year on year albeit the operating cost ratio increased to 19.8%. This is a reflection of the reduced revenue in the period rather than operating efficiencies yet to be implemented.

Financials continued

Geographical Contribution from operating companies



- Geographical contribution to revenue consistent year on year. USA continues to require investment and scale.
- Geographical contribution to Operating EBITDA has skewed towards Australasia as local businesses improve profitability. Exposure to UK/Europe and US markets provides better access to bigger marketing budgets.

Financials continued

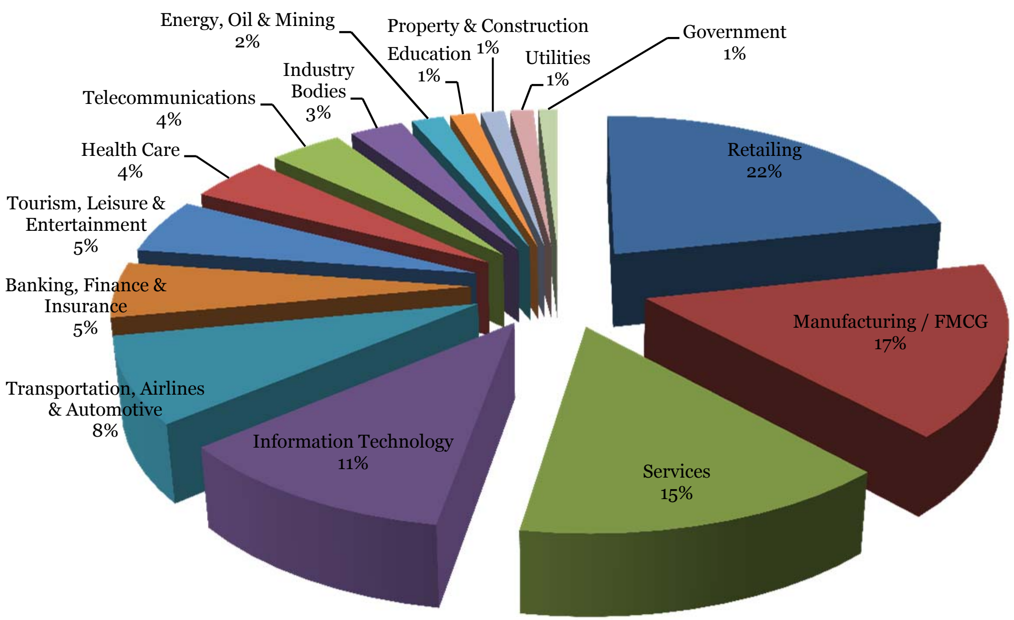
Geographical Results from operating companies

SIX MONTHS ENDED 31 DECEMBER ($M)	2014	2013	CHANGE
NET REVENUE			
Australasia	29.3	31.7	(7.6%)
UK and Europe	21.0	21.8	(3.7%)
USA	5.9	8.1	(27.2%)
Total	**56.2**	**61.6**	**(8.8%)**
OPERATING EBITDA			
Australasia	4.4	2.6	69.2%
UK and Europe	3.5	3.7	(5.4%)
USA	0.4	2.2	(81.8%)
Total	**8.3**	**8.5**	**(2.3%)**

- **Australasia:** improved Operating EBITDA notwithstanding small decline in revenues as a result of more settled teams in Australian businesses and good new business conversion.
- **UK and Europe:** continued strong performance and margin despite marginal decline in revenue and Operating EBITDA.
- **USA:** decline in revenue from weak pipeline conversion. Reduced Operating EBITDA and margin due to sustained investment in resources and talent to rebuild in short term.

Financials continued

Revenue By Industry



- Strong mix of clients across market industry and sector groups demonstrates diversification of revenue.
- Largest client represents 12% of total revenue.
- Top 10 clients represent 38% of total revenue across >850 client relationships.

Financials continued

Profit & Loss Summary

SIX MONTHS ENDED 31 DECEMBER ($M)	2014	2013
Net Revenue	56.2	61.6
Other revenue	0.1	0.2
Staff Costs	(40.6)	(45.4)
Operating Expenses	(11.1)	(11.4)
Operating EBITDA[1]	**4.6**	**5.0**
Operating EBITDA Margin	*8.2%*	*8.1%*
Depreciation & Amortisation	(2.0)	(2.2)
Net Interest	-	(0.1)
Tax	(1.0)	(1.9)
Minority interests	(0.6)	(0.6)
NPAT before significant items[2]	**1.0**	**0.2**
NPATA before significant items[3]	**1.4**	**0.9**
Significant items – restructure costs[4]	(0.6)	-
Net profit after tax to equity owners	**0.4**	**0.2**

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 HY14: $0.4m (HY13: $0.7m).
4. Restructure costs represents employee redundancy costs.

Financials continued

Balance Sheet

($M)	31 Dec 2014	30 Jun 2014
Cash	24.2	22.5
Net Working Capital	1.0	0.5
Other Assets	3.2	3.5
Fixed Assets	7.2	7.2
Intangibles	79.7	76.7
Total Assets	**115.3**	**110.4**
Provisions & Other Liabilities	4.9	5.2
Finance lease liabilities	1.3	1.7
Net Assets	**109.1**	**103.5**

- All cash committed deferred consideration liabilities paid. Contingent deferred consideration (Tranche 3A&3B liabilities) of $53.1m not recognised at 31 December 2014. Target EBITDA hurdles to trigger payments are $53.8m and $63.8m respectively. Final contingent liability expires in 2018.
- Dividend and share buy back restriction continues until the Tranche 3A&3B liabilities are either paid, cancelled or expired.

Financials continued

Cash Flow & Working Capital Management

SIX MONTHS ENDED 31 DECEMBER ($M)	2014	2013
Operating EBITDA	4.6	5.0
Movement in Working Capital	(0.4)	(1.9)
Restructure costs	(0.6)	-
Equity Incentive Expense	0.5	0.5
Gross Cash Flow	4.1	3.6
Net Interest Paid	-	(0.1)
Tax paid	(0.8)	(0.8)
Operating Cash Flow	3.3	2.7
Cash funded capex	(1.3)	(0.4)
Free Cash Flow	**2.0**	**2.3**

- Conversion from Operating EBITDA to cash remains strong.
- Movement in working capital minimal reflecting strict working capital measures.
- Tax payments made in relation to overseas tax jurisdictions.
- Total capex for HY15 was $1.3m all cash funded. (HY14: $1.4m including $1.0m funded under lease finance).

Operational Update

- Key staff hires during the period ahead of the revenue curve in line with strategic goals:
    - Enero new business Director
    - Senior creative and strategic resources into Naked
    - Senior management hires in Hotwire to broaden product offering and drive revenue growth in key markets
    - An increase in the number of data services focused staff to support revenue opportunities across markets

- UK hub office completed in January 2015 housing Naked, Hotwire, TLE and Corporate Edge. No further major office moves for the Group in the short term.

Operational Update continued

- Public relations businesses Frank PR and Hotwire continue to perform well, across many of their respective markets. Corporate Edge partnered with Hotwire to provide a more diversified service offering for clients. Frank PR expanding regional UK market success in Manchester to a new office in Glasgow.

- Naked Communications is progressing with strong momentum in the UK office from new business wins (eBay) and increasing profile.

- BMF in line with expectations.

- The Leading Edge has good momentum in both Australia and UK and is improving.

- The search marketing businesses Dark Blue Sea and OB Media were consistent.

- Smaller agencies were generally inline with expectations though continue to be more easily impacted positively or negatively by larger clients.