

ASX ANNOUNCEMENT

Trading update for the three months ended 30 Sept 2020

21 October 2020

Enero Group Limited (ASX: EGG) today announced a trading update for the three months ended 30 September 2020.

Financial performance³ (unaudited):

\$A million	YTD 30 Sept 2020	YTD 30 Sept 2019	Variance
Net Revenue	37.2	33.3	11.0%
Operating EBITDA ¹	9.8	5.4	81.4%
Operating EBITDA margin	26.3%	16.2%	10.1bps
EBITA	9.2	4.9	87.8%
EBIT	9.0	4.6	95.7%
EBIT margin	24.2%	13.8%	10.4bps

Notes:

1. Operating EBITDA is net profit before interest, taxes, depreciation of plant & equipment, amortisation, impairment of intangibles and contingent consideration fair value gains/losses. Operating EBITDA includes depreciation of Right of Use Assets. 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 flow generation excluding significant transactions and non-cash items, which are not representative of the Group's on-going operations.
2. EBITA is net profit before interest, taxes and amortisation of intangible assets, impairment of intangibles and contingent consideration fair value gains/losses. This is a new measure introduced following the implementation of AASB16 Leases.
3. This announcement includes the following measures used by the Directors and management in assessing the on-going performance and position of the Group: Operating EBITDA, EBITA and EBIT. These measures are non-IFRS.

Business Operating Performance:

Following the strong second half FY2020 results announced in August 2020, Enero Group has commenced FY2021 with continued momentum. Net Revenue was up 11.0% and Operating EBITDA was up 81.4% on the previous corresponding period with material increases in Operating EBITDA margin.

The Group continues to have a high proportion of client revenue exposure in the technology, healthcare and consumer staples sectors which have experienced increased levels of activity during Covid-19 in addition to a number of new business wins. Net revenue growth was achieved in all three geographic markets.

The overall Group Operating EBITDA margin achievement of 26.3% was driven by no material movement in global headcount, a 16% year on year reduction in operating costs relating to remote working arrangements and reduced travel expenses along with \$1.0m of Jobkeeper subsidies in the Australian market received during the quarter relating to specific agencies that qualified for the Government support.

All geographic markets delivered Operating EBITDA growth year on year for the three months ended 30 September 2020.

On a common currency basis, the Group achieved 12.9% Net Revenue growth and 90.2% Operating EBITDA growth, as the Australian dollar appreciated against the US dollar in the comparative periods.

The Group remains cautiously optimistic that despite the economic uncertainty in many of the operating markets, the momentum created in this first quarter of FY2021 along with the focus on building scale in the core brands can lead to sustained growth.

Authorised for release by the Board of Directors.

About Enero:

Enero Group is a boutique network of marketing and communications businesses listed on the ASX that includes creative agency BMF, PR agencies Hotwire, Frank and CPR, strategic data consultancies The Leading Edge and The Digital Edge, digital agency Orchard and programmatic marketing specialist OBMedia.

For more information, please visit www.enero.com.

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