

ersonal use only

# 2021 Annual General Meeting

21 October 2021

enero

# Chair Address

---

Ann Sherry AO

# Enero's FY21 Financial Performance



REVENUE

**\$160.6 million**

+18.3% YoY



OPERATING  
EBITDA

**\$45.6 million\***

+87.1% YoY



NET PROFIT\*

**\$22.8 million\***

+76.7% YoY



STATUTORY  
LOSS

**\$(0.4) million**



NET CASH

**30.6 million\*\***



DIVIDEND  
PER SHARE

**14.9 cents**

\*Excluding significant items

\*\*Adjusted for contingent consideration

# Our global operating model

Personal use only

WHO WE ARE



**enero**

**WE ARE A CREATIVE TECHNOLOGY COMPANY**

A group of specialists who accelerate high-growth businesses by transforming brands and deploying creative data and technology to enrich customer experiences

PORTFOLIO

**BRAND TRANSFORMATION**

Human-generated creative ideas to transform the way customers and stakeholders connect and engage with brands



**HOTWIRE** | **bmf** | **cpr** Issues Government Media

**CREATIVE DATA AND TECHNOLOGY**

High-quality customer experiences connected by technology and enabled by data



**orchard** | **o:media** | **THE LEADING EDGE** | **the digital edge**

PRIORITY VERTICALS



**TECHNOLOGY**



**HEALTHCARE**



**CONSUMER**

CENTRES OF EXCELLENCE

 People and Culture |  Finance |  Technology |  M&A |  Legal

# Chair Address

---

Ann Sherry AO

ersonal use only

# CEO Business Review

---

Brent Scrimshaw

# FY21 Highlights



## PEOPLE

- Group leadership evolution
- New operating structure
- Strong culture



## PORTFOLIO

- New framework for portfolio investment
- Acquisition of McDonald Butler Associates
- Divestment of Frank

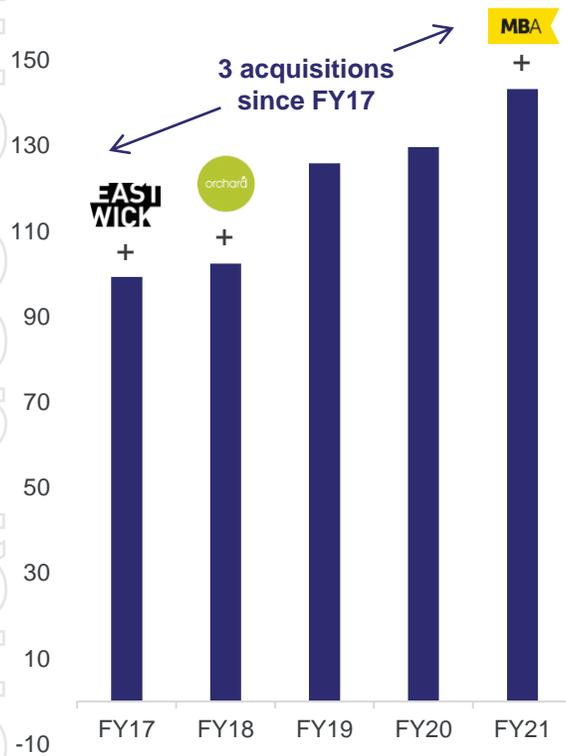


## PERFORMANCE

- EBITDA growth in every region and business
- Client diversification and longevity

# A track record of sustainable growth

GROWING NET REVENUE (A\$M)\*



GROWING OPERATING EBITDA (A\$M) AND MARGIN (%)\*



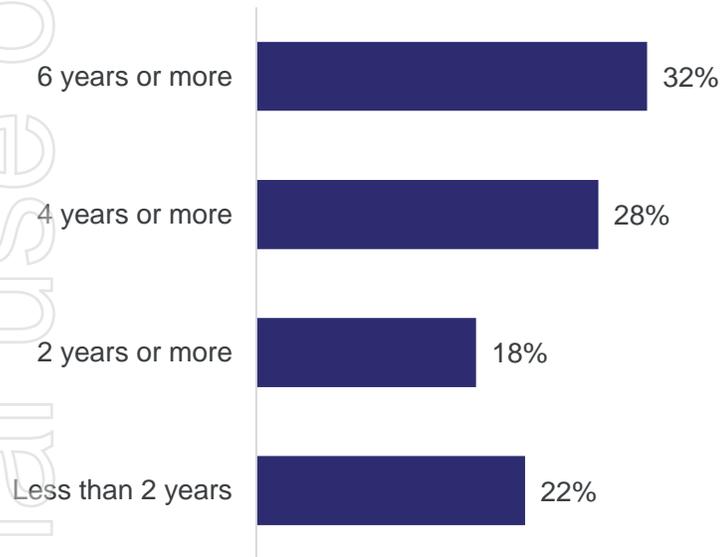
## HIGHLIGHTS

- Net revenue has grown both organically (14% YoY in FY21) and through acquisitions over the past 5 years
- Operating EBITDA margin expansion to 22%\* driven by:
  - Growth in higher margin businesses
  - Efficient operating cost base
  - Continued leverage of corporate centres of excellence

\*Revenue, Operating EBITDA and Operating EBITDA margin reflect 51% economic interest in OB Media; Logos show year of acquisitions

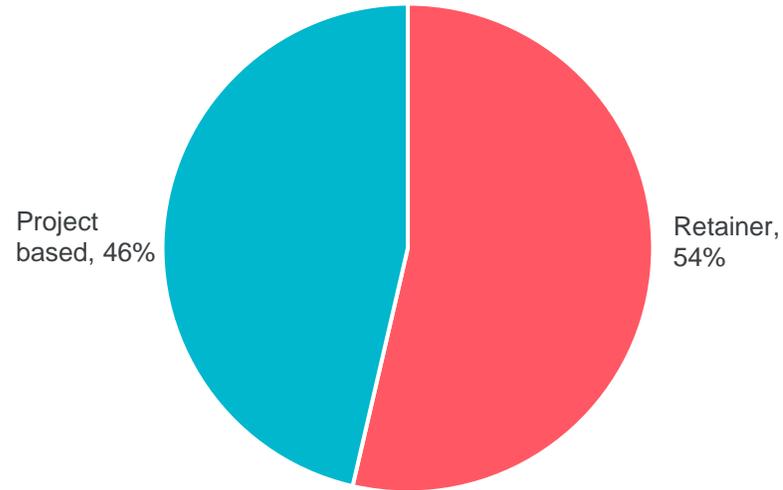
# A progressive offering that delivers repeatable revenue

## ATTRACTIVE CLIENT LONGEVITY



% of clients, by duration with group

## BALANCED REVENUE CONTRIBUTION\*



% of revenue by client engagement type

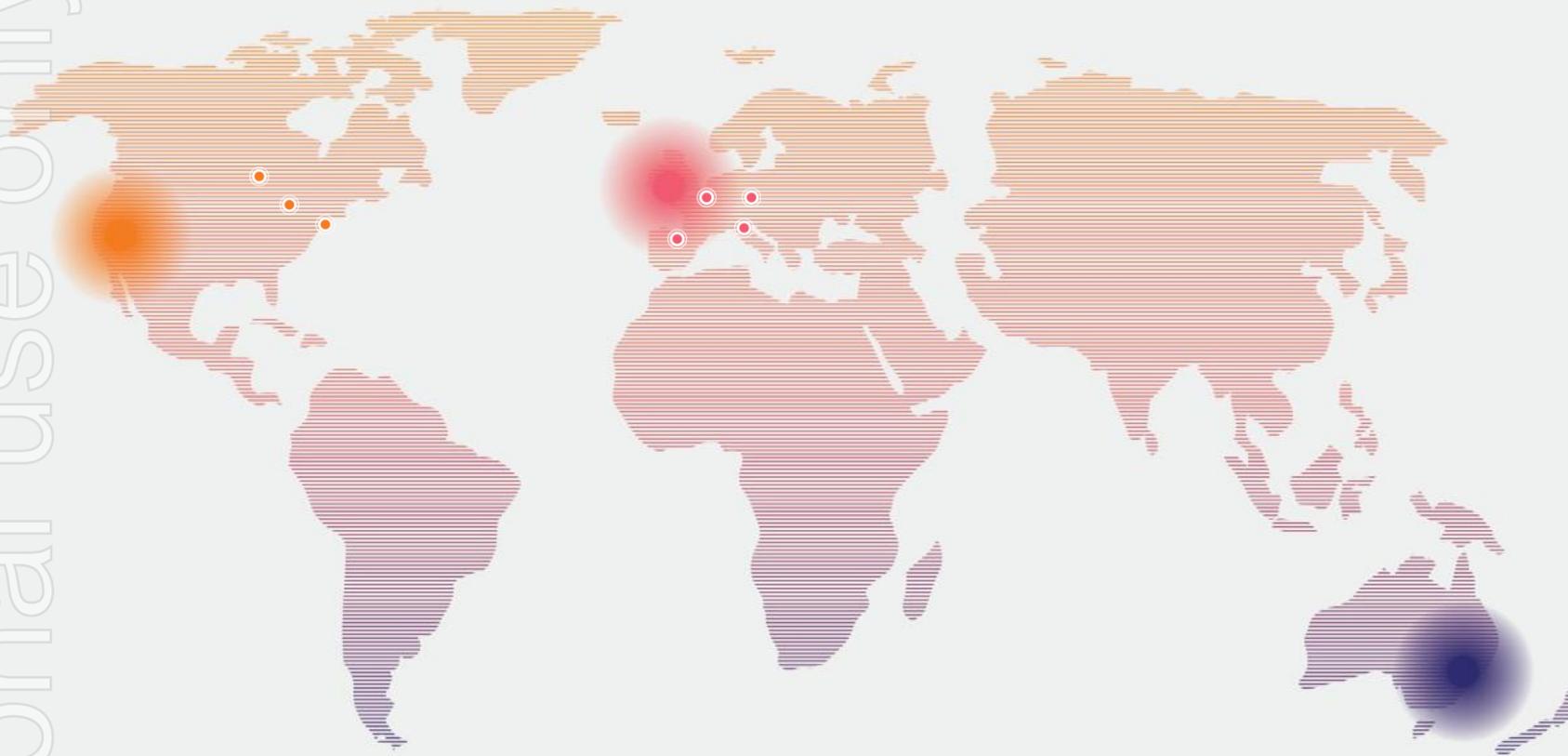
## HIGHLIGHTS

- 60% of clients have been with the Group for 4 years or more
- Clients come back to us repeatedly for support to transform their brands and to deploy creative data and technology solutions to accelerate their performance.
- We deliver our consulting services under both retained and project-based models, depending on clients' needs

\*Excludes OB Media

# 13 offices and 650 employees around the world

ersonal use only



## FY21 GEOGRAPHICAL CONTRIBUTIONS FROM OPERATING COMPANIES\*

	REVENUE	EBITDA
USA	30%	48%
UK AND EUROPE	25%	19%
AUSTRALIA	45%	33%

\*Reflects Enero's 51% economic ownership of OB Media

# Continued momentum with new client wins

FY21

FY22 Q1

shutterstock

CLOUDERA

Klarna.

IBM

SECURE CODE WARRIOR

CSL

Stockland

pwc

Pinterest

Australian Government  
Department of Health

Australian Bureau of Statistics

The Sydney Morning Herald  
THE AGE

PETBARN  
Everything for Pets

LogicMonitor

CLOUDFLARE

aircall

Sharesies

NSW GOVERNMENT  
Transport for NSW

Boston Scientific

Goodman

ORGANON

splashtop

hi pages

sage

PALMERBET

gsk

harrison.ai

CITY OF MELBOURNE

alintaenergy

SoundHound

Australian Government  
Department of Home Affairs  
Cyber Security

UCB  
Your local store

spc

Planet Innovation

TREASURY WINE ESTATES

gotafe

LUXOTICA

Bright Machines.

ViiV  
Healthcare

cobrainner

VISIT VICTORIA

St John

DSM

GLOBAL TECHNOLOGY BRAND

GLOBAL SPORTS BRAND

bmedia

+45%  
FY21 vs FY20



Consumers delivered to advertiser websites

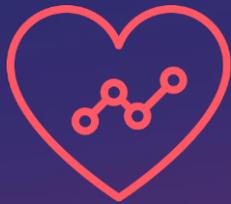
+107%  
FY22 Q1 vs FY21 Q1



Consumers delivered to advertiser websites

enero

# Summary



## MOMENTUM

Businesses delivering strong organic revenue and profit growth



## LEADERSHIP

Dynamic leadership team with global experience and perspective



## POSITIONED FOR GROWTH

Deep connection to world-class brands in high-growth sectors of technology, healthcare and consumer



## M&A OPPORTUNITY

Flexible balance sheet with net cash of \$30.6m\* to support M&A opportunities

\*Adjusted for contingent consideration

# Trading Update

---

# Trading Update

- Enero continues to build on its track record of sustainable revenue and EBITDA growth.
- FY22 Q1 revenue is up 22.6% year-on-year, with particular strength at OB Media and a robust performance from Hotwire and BMF.
- We continue to see a strong pipeline of new business opportunities across our priority verticals of technology, healthcare and consumer.
- We remain focused on maintaining Enero's high margins across our strong and diversified portfolio.
- Inorganic growth remains a strong focus with the consideration of potential acquisition opportunities.

- There remains ongoing uncertainty around COVID conditions globally which may lead to wage cost pressure. With travel opening up globally, discretionary travel costs are expected to increase from FY22 Q2 onwards.

(\$M)	Q1 FY22	Q1 FY21	YoY % change
Net Revenue	45.6	37.2	22.6%
Operating EBITDA	14.7	9.8	50.0%
<i>Operating EBITDA margin</i>	<b>32.2%</b>	26.3%	5.9bp
EBIT	13.9	9.0	54.4%
<i>EBIT margin (%)</i>	<b>30.5%</b>	24.2%	6.3bp

# Disclaimer

This document has been prepared by Enero Group Limited (Enero) and comprises written materials/slides for a presentation concerning Enero. This is not a prospectus, disclosure document or offering document.

This document is for information purposes only and does not constitute or form part of any offer or invitation to acquire, sell or otherwise dispose of, or issue, or any solicitation of any offer to sell or otherwise dispose of, purchase or subscribe for, any securities, nor does it constitute investment advice, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

Certain statements in this presentation are forward looking statements. You can identify these statements by the fact that they use words such as “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “believe”, “target”, “may”, “assume” and words of similar import. These forward looking statements speak only as at the date of this presentation. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements.

No representation, warranty or assurance (express or implied) is given or made by Enero that the forward looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct.

Except for any statutory liability which cannot be excluded, each of Enero, its related companies and their respective officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the forward looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom.

Subject to any continuing obligation under applicable law or any relevant listing rules of the ASX, Enero disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in these materials to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of Enero since the date of this presentation.

## 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 which is defined in the presentation.



## Chair and CEO addresses

**Ann Sherry, Chair**

### Slide 2

Good morning Ladies and Gentlemen,

I am your Chair, Ann Sherry, and I would like to welcome you all to the 2021 Annual General Meeting of Enero, being held virtually via a virtual meeting platform.

FY21 has been an exciting year of change and progress for Enero, and I am pleased to have the opportunity to update shareholders on the company's performance. The client-focus and creativity of our people has delivered world-class work, new client wins, and recognition through numerous global awards for creativity, effectiveness and culture.

### Slide 3

Despite the ongoing global challenges associated with the COVID-19 pandemic, Enero has delivered another set of consistently strong financial results in FY21, with underlying organic revenue growth of 14%. Excluding significant items:

- Revenue increased 18% to \$160.6 million;
- Operating EBITDA increased 87% to \$45.6 million;
- Net profit increased 77% to \$22.8 million, with a similar increase in Earnings per share to 26.4 cents.

After taking into account significant items, Enero reported a net loss after tax of \$(0.4) million. The impairment charge of \$23.2 million related to an accounting loss on disposal of Frank PR, and Foreign Currency Translation Reserve transferred to the income statement on liquidation of dormant foreign subsidiaries. The charge was non-cash in nature, and had no impact on Enero's strong financial position.

At 30<sup>th</sup> June 2021, the company had a net cash position of \$30.6 million after adjusting for contingent consideration. This cash balance increased from \$22.0 million in FY20, and together with Enero's cash generative operating model, provides a strong platform to pursue our growth agenda.

The board declared an FY21 final dividend of 4.4 cents per share, fully franked, bringing the full year dividend to 14.9 cents per share. This represents a 56% dividend payout ratio, and reflects our commitment to ensuring that shareholders share in Enero's success.

### Slide 4

Under the new leadership of CEO Brent Scrimshaw, Enero is responding to the enormous changes taking place in the worldwide operating environment. The company is transitioning to a forward looking and progressive global business with creative technology at its core. During the year the Board established a new strategic framework to guide our ambitious growth aspirations for the Company. Enero's portfolio has been reorganised around two strategic

pillars – Brand Transformation and Creative Data and Technology. Each of these pillars has a clear role to drive future growth.

Brand transformation uses human-generated creative ideas to transform the ways that customers and stakeholders connect and engage with brands. It incorporates our Hotwire, BMF and CPR businesses.

Creative Data and Technology provides high-quality customer experiences connected by technology and enabled by data. It includes our Orchard, OBMedia, The Leading Edge and The Digital Edge businesses.

Enero's FY21 performance benefited from its unique positioning within high growth global verticals of technology, healthcare and consumer, and the expertise of our global portfolio of specialist agency brands.

And the efficiency of our operating model is supported by our global centres of excellence based in Sydney. These include People and Culture, Finance, Technology, Legal and M&A.

#### Slide 5

On behalf of the Board I would like to thank all our talented people for their hard work and commitment to our clients and each other. It is inspiring to see our company values being borne out in action and driving the stellar results delivered in FY21. I'd like to acknowledge Brent Scrimshaw and the astute leadership he has demonstrated in his first year as CEO. It is very pleasing to see the sound base for future growth which Brent and his executive team have established.

I'd like to thank my fellow Board members for the contribution they make to Enero. Their expertise and support have been particularly important in resetting our growth strategy over the past year. I'd particularly like to acknowledge Susan McIntosh who retires at the conclusion of this meeting. Susan has made an invaluable contribution during her 21-year tenure on the Board. She has worked tirelessly, and contributed her considerable expertise and experience to cement the strong operational and strategic position the Company finds itself in today.

Finally I would like to thank you, our Shareholders for your continued support and interest in Enero.

I'll now hand over to Brent who will provide a review of the Business.

**Brent Scrimshaw, CEO**

#### Slide 6

Thanks Ann....and good morning everyone. I'm very pleased to provide a business update to shareholders at this morning's AGM at the end of my first year as CEO.

During FY21, the impact of COVID-19 continued to accelerate significant change in global consumer behaviour, therefore meaningfully increasing the expectations on our clients. In this evolving environment, it's very encouraging to see the responsiveness of our talented and creative teams around the world, who continually stepped up their performance to provide innovative ideas and, of course, technology led solutions to our clients.

### Slide 7

Throughout FY21, Enero has made significant progress in reimagining the opportunities available to us, and implementation of a clear framework and aligned strategies to deliver sustainable long-term growth.

During the year we evolved our Executive leadership team with the infusion of significant new capability, and implemented a new operating structure to deliver on our growth aspirations. The innovation culture that exists within each of our brands continued to be one of our strongest assets, despite the challenges of remote working across our global network.

We established a new portfolio framework with a new and dedicated resource to support and drive our M&A ambitions, and we also made the first acquisition since FY18 with the purchase of UK-based tech sector specialist McDonald Butler Associates. MBA has now been fully integrated into Hotwire in the UK, and expands the breadth of Hotwire's skills and services as a partner that can now provide advisory and expertise all the way through revenue and reputation. And lastly, we divested 75% of long-time owned London PR agency, Frank, to enable laser focus on Enero's areas of specialist expertise.

As Ann outlined earlier this morning, FY21 delivered financial performance we can all be proud of. EBITDA growth was delivered in every region and in every business, benefiting from our geographic diversification and deep knowledge of our clients' businesses, focussed in our priority verticals of technology, healthcare and consumer.

### Slide 8

This slide highlights Enero's 5-year track record of sustainable growth in revenue and EBITDA. Now I would point out that Enero has only undertaken three acquisitions in that time, so this sustained growth is largely organic, with FY21 organic revenue increasing an impressive 14%. Our expansion in operating margin is particularly pleasing and has been underpinned by higher margin businesses such as OB Media and Hotwire, as well as a focus on increased cost efficiency through Enero's corporate centres of excellence.

### Slide 9

Our impressive historical performance is a reflection of our services expertise combined with strong and enduring client relationships. We continue to invest in a more progressive offering of services to support client retention, and this is demonstrated in 60% of our clients having a relationship with one of the Enero brands for more than four years. We also benefit from this focus on building what we call a 'stickier' business as more than half of our revenue comes from retainer-based relationships, which is pleasing to see.

### Slide 10

Whilst headquartered in Sydney, Enero is truly a global business with a deeply embedded footprint of 13 offices in strategically important international markets of scale. In FY21, more than half of our revenue and two thirds of EBITDA was delivered from outside Australia.

### Slide 11

During FY21 I am thrilled to report that Enero's businesses made stunning progress with significant new client wins like those you see on this page, all market leading brands in our priority verticals. This strong pipeline is already contributing to our FY22 performance, in

addition to the ongoing organic growth from our existing clients. Encouragingly, the success of new client wins in each geography is continuing already into FY22.

Lastly, we are also seeing strong and sustained performance at our programmatic marketing platform OB Media. During FY21, OB Media achieved a 45% increase in consumer traffic delivered to advertiser websites; and in the first quarter of FY22 this growth rate has continued to accelerate, delivering more than 100% year-on-year growth.

#### Slide 12

In summary, FY21 has truly been a defining year for Enero. We have built a strong platform to deliver on our growth aspirations.

Our global businesses have strong momentum in markets with infinite scale, and are delivering robust organic revenue and profit growth

We have a refreshed and dynamic leadership team with a unique balance of global experience and industry perspective.

Our operating businesses are recognised as world class innovators with deep connections to some of the most innovative brands particularly in those high growth sectors I mentioned earlier.

And we have the opportunity and the capability to accelerate our growth agenda through strategic M&A should we choose, supported by our flexible balance sheet with net cash of more than \$30 million.

#### Slide 13

In conclusion I would now like to provide an update on current trading at the end of Q1 FY22.

#### Slide 14

Enero continues to build on its track record of sustainable revenue and EBITDA growth.

FY22 Q1 revenue is up 22.6% year-on-year, with particular strength at OB Media and a robust performance from Hotwire and BMF.

We continue to see a strong pipeline of new business opportunities across our priority verticals of technology, healthcare and consumer.

We remain focused on maintaining Enero's high margins across our strong and diversified portfolio.

Inorganic growth remains a strong focus with the consideration of potential acquisition opportunities.

There remains ongoing uncertainty around COVID conditions globally which may lead to some wage cost pressure. With travel opening up globally, discretionary travel costs are expected to increase from FY22 Q2 onwards.

Thanks for your attention and I'll now hand back to Ann to conduct the formal business of the meeting.