

ASX Release

For immediate release

22 August 2017

2017 Investor Presentation

The Energy Action Limited (ASX: EAX) ("Energy Action") Investor Presentation for the year ended 30 June 2017 is attached.

***ENDS**

Further information:

Ivan Slavich
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Michael Fahey
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Financial Results Full Year FY17

Ivan Slavich
Chief Executive Officer
Energy Action Limited

Michael Fahey
Chief Operating Officer & Chief Financial Officer
Energy Action Limited

Full Year FY17 Results Agenda

Energy Action

- | | |
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| 1. Results Highlights | Ivan Slavich |
| 2. Group Financials | Michael Fahey |
| 3. Operational Performance | Ivan Slavich |
| 4. FY18 Priorities | Ivan Slavich |

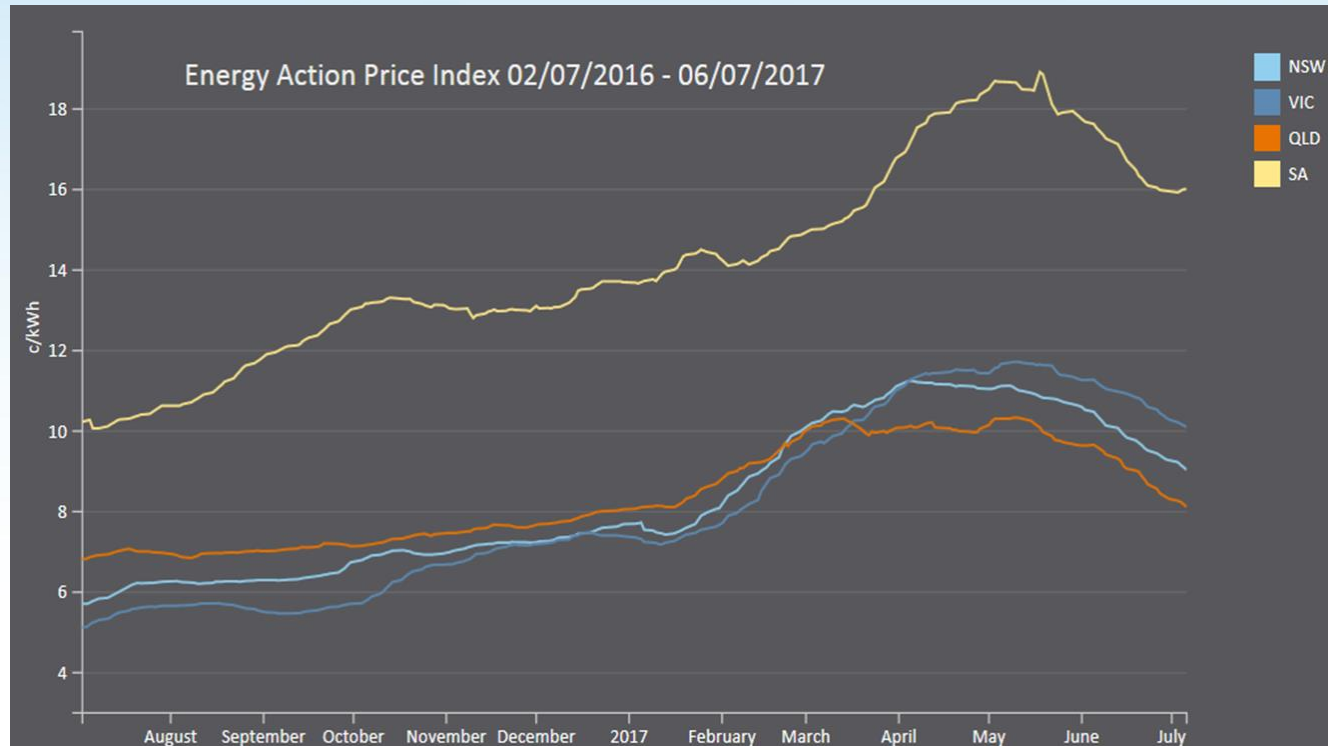
FY17 Full Year Results Highlights

Revenue, Profit and Cash Flow improvements in second half

- > Resumption of revenue growth in H2 17 – second half up 5% vs FY16
 - Procurement revenue up 25% in H2 17
 - PAS revenue up 35% in H2 17
 - CMER declined 15% in H2 17
 - Full year revenue declined 3% impacted by first half decline of 10%
- > Costs continue to be tightly managed, full year Opex increase less than 1%
- > Operating NPAT of \$2.521m, down 28% vs FY16
 - Growth in Procurement and PAS unable to compensate for decline in CMER
- > Operating Cash Flow improvement in H2 17 resulting in increased headroom under debt facilities to \$4.8m vs \$3.0m as at December 2016
- > Fully franked dividend of 1.4 cps

Energy Action Price Index (EAPI)

Significant energy price increases continue to impact clients



- Significant price increases have driven increased client interest in energy solutions
- Relatively mild winter and government action on gas providing some short term price relief
- Long term trends remain towards high prices – no substantive market changes

Electricity prices are dependent upon various factors outside of the control of Energy Action, including but not limited to, charges and taxes imposed by the government on energy retailers, energy distributors or other energy industry participants, including in connection with any carbon price or emissions trading scheme introduced in Australia (the Taxes and Charges). Electricity prices quoted or supplied to you by Energy Action are dependent on the Taxes and Charges in effect at the time those prices are quoted or supplied. Taxes and Charges, and therefore electricity prices, are subject to change. Energy Action is not able to, and does not represent or warrant to you that it is able to predict:

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- (b) the introduction of new Taxes and Charges; or
- (c) any changes in electricity prices that are consequential to (a) or (b).

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Group Financial Results

Financial Highlights

Improving performance in second half

EnergyAction
The Power of
Partnership

Positives

- Much improved second half performance in revenue, profits and cash flow
- Double digit growth in Procurement and PAS revenues in second half
- Simplified client value proposition and clear key messaging
- Increased media and external profile generating new leads
- Cost tightly managed – largely flat with FY16

Challenges

- Decline in CMER revenues and sites under management
 - Loss of a large retail client as a result of a decision to in-source
 - Sales and marketing focus to arrest the decline
- Weaker EBITDA to cash conversion
 - Continued focus on working capital and debtor management

Operating NPAT OF \$2.5M

Results in line with guidance of \$2.4 - \$2.7 million

EnergyAction

\$	FY17	FY16	% Variance
Revenue	32,957,103	33,978,709	-3%
COGS	5,931,570	6,172,886	4%
Gross Margin	27,025,533	27,805,823	-3%
Opex - excl D&A	21,393,675	21,261,417	-1%
Operating EBITDA	5,631,858	6,544,406	-14%
Depn & Amortisation	1,510,210	1,319,921	-14%
EBIT	4,121,648	5,224,485	-21%
Financing Costs	539,378	462,725	-17%
Profit before tax	3,582,270	4,761,760	-25%
Tax expense	1,061,081	1,242,254	15%
Operating NPAT	2,521,189	3,519,506	-28%
Significant items after tax:			
Deferred consideration	392,811	3,850,327	
Restructuring Costs	507,725	169,399	
Total Significant items	748,219	3,968,906	
Statutory Profit after tax	1,772,970	(449,400)	495%

Growth in Procurement offset by lower CMER revenues

Lower COGS on lower PAS revenue

Opex flat with pcp

Higher financing costs following deferred settlement

Non operational items excluded from Operating Profit

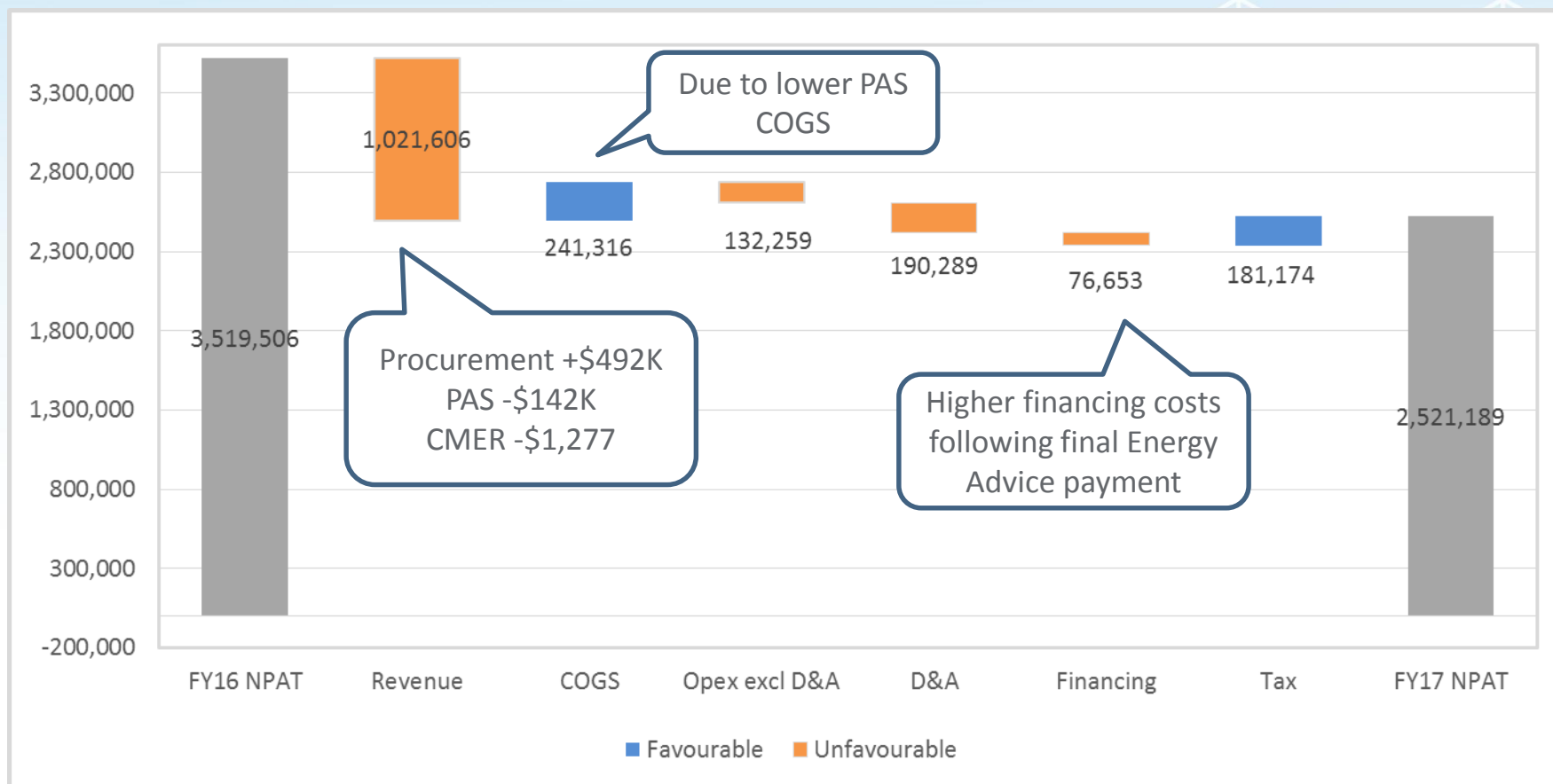
Statutory NPAT

EnergyAction

Operating Profit drivers

Reduction in CMER resulted in lower NPAT

EnergyAction



Procurement revenue resumes full year growth

Higher energy prices and increased auction volumes driving growth

	FY17	FY16	\$ Variance	% Variance
Procurement	8,079,595	7,586,787	492,808	6%
Contract Mgmt & Energy Reporting	16,695,500	18,059,914	-1,364,414	-8%
Projects & Advisory Services	7,788,714	7,930,792	-142,078	-2%
Other revenue	393,294	401,216	-7,922	-2%
Total Revenue	32,957,103	33,978,709	-1,021,606	-3%

- Procurement revenues up 6% following an increase in auction volumes, additional non-auction procurement revenues and higher contract energy prices
- CMER down following a reduction in site numbers
- PAS slightly down on FY17, but positive with growth in higher margin consulting revenues and a reduction in lower margin supply & install work
- Second half growth of 5% partially reversing first half year decline of 10% - see following slide

Revenue growth resumed in second half

Strong growth in Procurement and PAS, offset by lower CMER

	First Half				Second Half			
	FY17 1H	FY16 1H	\$ Variance	% Variance	FY17 2H	FY16 2H	\$ Variance	% Variance
Procurement	3,791,044	4,152,725	-361,681	-9%	4,288,550	3,434,062	854,488	25%
Contract Mgmt & Energy Reporting	8,593,397	8,571,478	21,919	0%	8,102,103	9,488,435	-1,386,332	-15%
Projects & Advisory Services	2,979,226	4,376,587	-1,397,361	-32%	4,809,488	3,554,205	1,255,283	35%
Other revenue	232,995	263,452	-30,457	-12%	160,299	137,764	22,535	16%
Total Revenue	15,596,662	17,364,242	-1,767,580	-10%	17,360,440	16,614,466	745,974	5%

- Second half revenues have resumed a growth trend – up 5% versus the pcg
- Growth driven by Procurement (+25%) with growth across most areas of procurement and PAS (+35%) with the growth in the higher margin consulting business
- CMER down mainly to the loss of a retail chain portfolio of sites

Debt structure and key financial ratios

Available facilities of \$4.8 million

EAX has a 5 year, \$12 million multi-option facility agreement expiring September 2019

- Can be utilised for borrowings, bank guarantees or letters of credit
- Current utilisation comprised of \$9.2 million loan and \$0.128 million in bank guarantees mainly related property leases, less cash on hand of \$2 million

Financial covenant metrics

Interest cover ratio (EBITDA : Interest)

Gearing ratio (Total Debt : EBITDA)

Threshold

Min 3.0

Max 2.0

Jun 17

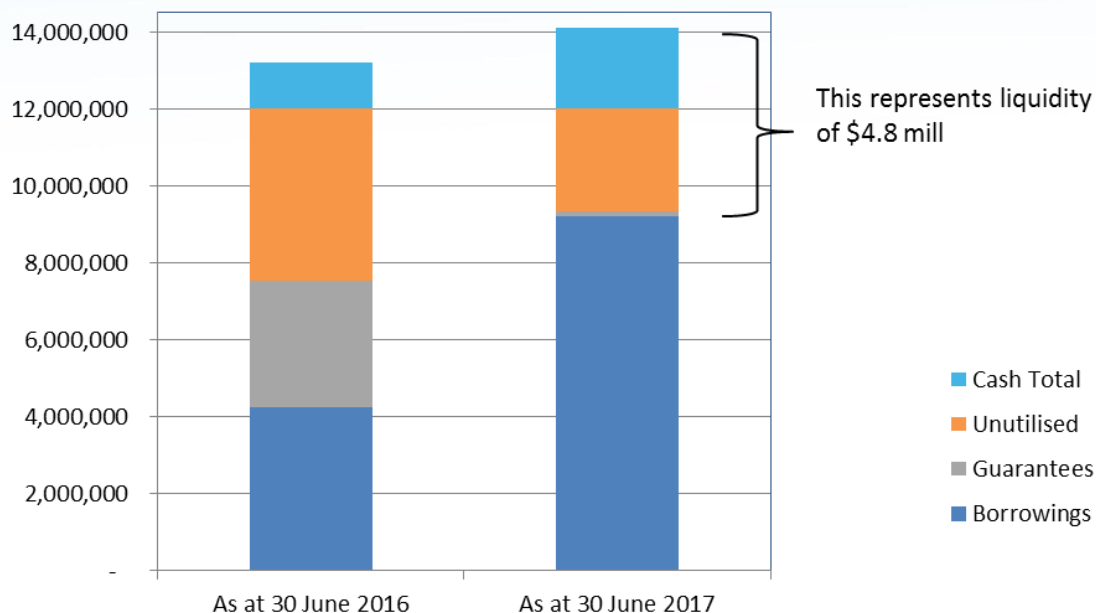
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1.4

Dec 16

11.6

1.7



Available facilities and cash on hand of approximately \$4.8 million – up from \$3 million as at Dec 16



Operational Performance



Delivering on key priorities

Improved performance & delivery in H2 17

EnergyAction

Status

- > Improve customer focus and continue to implement strategy
 - Launch customer app and improved website ✓
 - Drive additional customer growth in Embedded networks, Structured Products and EMDS ✓
 - Restructure product offerings to capitalise on market conditions ✓
 - Deep dive into sales force effectiveness
- > Reposition the PAS Business
 - Refocus on higher margin consulting business and delivery of Commercial Building Upgrades ✓
 - Realise cost reductions following repositioning ✓
- > Cost and cash flow management
 - Costs will continue to be closely managed – 6 FTE reduction 1st February 2017 ✓
 - Stepped up focus on working capital, especially receivables management ✓
- > Further operational improvements
 - Progress key system upgrade and automation opportunities
 - Streamlined Operations Team established 1 February
- > Finalise CEO appointment
- > Operating NPAT FY17 is expected to be within \$2.4m - \$2.7m

In progress

In progress

EnergyAction



Energy Action a trusted voice on Energy matters

Higher profile driving an increase in in-bound inquiries



Melbourne's major EUA deal is great news ahead of building sale

Share 13



4 ways to save energy at a time of soaring prices

Share 12



Willow Aliento | 27 July 2017

Energy prices are sky-rocketing but research shows not many companies are turning to energy audits to help stem the cash drain.

According to new research by Energy Action only around 30 per cent of companies that took part in the research said they would be "very likely" or "extremely likely" to consider an energy audit.

Chief executive Ivan Slavich said the results were "quite frustrating".

There are usually two reasons people will get "excited" about energy – when it is not there, and when prices go ballistic.

It has gone "ballistic" in some cases.

Bills for some had gone up by \$10 million or even \$12 million a year, Mr Savich said.

The survey involved 93 firms ranging from single-site small-scale energy users with bills of under \$100,000 a year to large, multi-site companies with bills of over \$500,000 a year.

Most respondents – 86 per cent – said they expect prices will continue to increase over the next six to 12 months.

The top concern about energy for 57 per cent of the companies was high prices, and the potential for bills to force them to reduce investment in people and growth.

"While the focus amongst many market participants is on securing short term energy supply and managing potential shortfalls, this is far from topping the list of concerns for businesses.

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The Sydney Morning Herald

Business

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JUNE 10 2017

SAVE PRINT LICENSE ARTICLE

Finkel puts energy security centre stage – but what about the cost?

Brian Robins

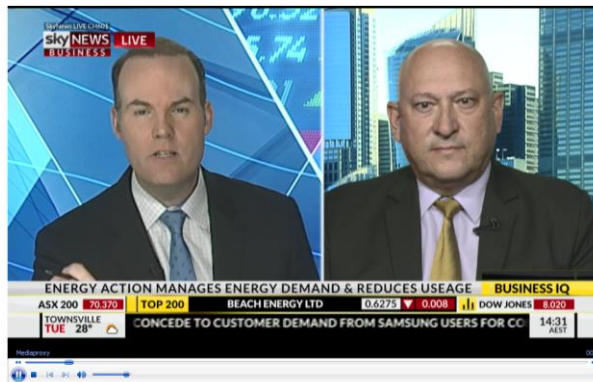
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Ivan interviewed by Sky Business News

by Abi Pinto | Jul 21, 2017 [Leave a comment](#)

Ivan was interviewed by James Daggar-Nickson for Business IQ on Sky Business News on Tuesday 18th July. Watch his interview below, this is great publicity for the company!



The interview focused on demand management strategies for businesses. Ivan discussed a few key messages:

- Demand management is being ignored within the discussion around supply shortages, and is critical to manage the network and relieve pricing pressures for business
- Energy Action works with its clients to leverage data through online platform, Energy Metrics

Canberra businesses need to take control of rising energy costs

By Ivan Slavich - 14 August 2017

Share



The cost of energy to a business is a function of price and volume and a coordinated approach to managing both can deliver significant commercial benefits in a volatile market.

It was only recently that energy retailers around the country sharply increased costs, with businesses and consumers around the country already feeling the effect of bills rising up to 20 per cent.

For Canberra-based businesses, this is certainly the case with major ACT energy retailer ActewAGL lifting overall default electricity prices by 18.95 per cent, which for small and larger businesses alike can equate to a substantial increase in costs. Business customers coming off a market-based contract have seen prices increase between 60-80 per cent nationally and 100 per cent for natural gas contracts.

A similar situation is being experienced in the natural gas market, where on July 1 ActewAGL lifted gas prices by 17.3 per cent. This has compounded cost pressures for businesses, where a dearth of domestic supply continues to buoy prices, and ultimately led to the Turnbull Government announcing a move to place restrictions on gas exports.

Crucially, Canberra-based businesses need to be aware that they have the power to choose where they buy energy. Regardless of whether this is through ActewAGL or other sources, there is no difference in terms of the connectivity, reliability and security of supply as the distribution business is ring-fenced from the Retail business.

The network is indifferent as to who supplies the electricity or gas, therefore businesses can shop around and choose from the many registered suppliers in the ACT. The same applies across the border in NSW.

ants the prices of actual retail contracts taken from
d for all Eastern states, it tracks the price of a
starting from six months, and for South Australia, a
ym 2 months.

ily price increases

's placing upward pressure on energy prices. This
t 15% of coal fired generation from the NEM, and
ted take-up of solar, the flow on of steep gas price

▶ Commercial customers face tripling costs

Power price wave slams business

Angela Macdonald-Smith

A destructive wave of energy bill increases is poised to sweep across businesses and households from July 1, and some commercial customers will be hit by a tripling in electricity prices after the closure of the Hazelwood coal generator.

The news of the price increase coincides with a sudden escalation of concern over the overstretched east coast gas market after the unexpected shutdown of a major offshore platform in the Bass Strait just before a cold snap in the south-east.

The shutdown has cut gas supply from the biggest supply source for the east coast by 15 per cent and triggered a sharp spike in wholesale gas tariffs, underscoring the pressures being felt across the energy sector.

Businesses coming off multi-year electricity contracts signed when the power market was in oversupply will suffer worst in the wave of retail price increases, seeing jumps in their total energy bills that will dwarf the up to 20 per cent rise some households face.

Victoria-based Wilson Transformer Co is preparing for an 83 per cent surge in its annual power bill from about \$800,000 to almost \$1.5 million, including a more-than-threefold jump in the electricity component of the charge, said executive chairman Robert Wilson. Its price for peak power is going from just under 4.4¢ a kilowatt-hour to about 15.4¢, while its off-peak tariff will jump from just over 2.5¢/kWh to about 9.65¢.

"It's been a shock," Mr Wilson said. "We can't change our prices because we are an import-export competing business so it's just straight off the bottom line."

Mr Wilson and other consumers

Bugger's muddle



When it comes to energy, federal politicians need to stop "helping". Australia's energy

system is now a complete bugger's muddle precisely because of multiple political interventions.

Brendan Lyon p39

blame the shutdown by French-owned Engie in March of its 1600-megawatt brown coal Hazelwood plant in the Latrobe Valley for the price increases. The closure removed a big source of low-cost baseload power from the market and made much dearer gas-fired generation the price setter across the wholesale market, sending prices soaring.

"We all know it's a dirty old brown coal power station but the reality is, it shouldn't have been closed so dramatically quickly; it's just disrupted the market," Mr Wilson said.

Hazelwood is only part of the story of the dramatic transformation in the power market since Wilson Transformer took out its last electricity purchasing contract, said Jon Stretch, chief executive of ERM Power, which had supplied the Melbourne-based power transformer manufacturer before losing the contract to Origin in the past few weeks.

"That's the period where we've seen this incredible increase in the

Continued p6

▶ States angry over gas GST p4

FINANCIAL REVIEW

From page 1

Power price wave slams business

wholesale market; it doesn't matter which retailer you are talking to," Mr Stretch said, pointing to the shutdown of Alinta's Northern coal generator in South Australia and other coal plants, which has cut the supply of baseload power and increased reliance on intermittent renewables.

Contract prices for commercial customers are based on the forward market on the day they are signed so increases in wholesale tariffs go straight through on the contracts, Mr Stretch noted.

The tide's gone out, there's a tsunami on the horizon.

Ivan Slavich, Energy Action

While the hit to businesses from higher electricity and gas prices has been making headlines all year, so far it's only the tip of the iceberg that has been evident, with a whole lot more to come, said Ivan Slavich, chief executive of electricity procurement advisor Energy Action.

"My guess would be that only 20 or 30 per cent of business have really felt it," Mr Slavich said.

"It's those electricity and gas customers that are coming off contract, that's when they get impacted. They may have signed a deal back in 2012 or 2013 for a five year contract and it's only now coming up for renewal."

He said one of the bigger clients of Energy Action, which advises Wilson, was looking at a \$12 million increase in

its annual power bill to \$32 million, one of several increases set to hit in the new financial year.

The unexpected shutdown of the Marlin B platform owned by Esso-BHP Billiton is meanwhile fraying nerves on supply just as the southern states head into the coldest weeks of the year when gas demand peaks in Victoria.

A drop in scheduled production from Esso-BHP's Longford gas plant from 802 terajoules a day to about 640 TJ/d caused the Victoria wholesale gas price to just from \$9.51 a gigajoule to \$15.82 a gigajoule, said Josh Stabler, managing director of trader EnergyEdge.

"It's just a really important asset, supplying in the order of 50 per cent of the southern market, so any hiccups at Longford are a major issue for the market," Mr Stabler said.

"For the first kind of really big demand today, losing a quarter of Longford would be pretty painful."

An Esso spokesman said the platform had been hit by an electrical fault and couldn't say when it would be rectified.

Mr Slavich said he was surprised more businesses hadn't been more aggressive in acting to limit the impact of rising energy bills by improving their power management and installing on-site generation such as solar panels.

"The tide's gone out, there's a tsunami on the horizon. I'm surprised more people are not running for the high country," he said. "Once the tsunami hits you are now playing catch-up, as to initiate a reduction in energy usage takes time, it doesn't happen overnight. Businesses should be absolutely doing that now."

Federal Energy Minister Josh Frydenberg said the Turnbull government was taking immediate action to put downward pressure on power prices and ensure reliable supply, pointing to the three measures announced by the Prime Minister last week.

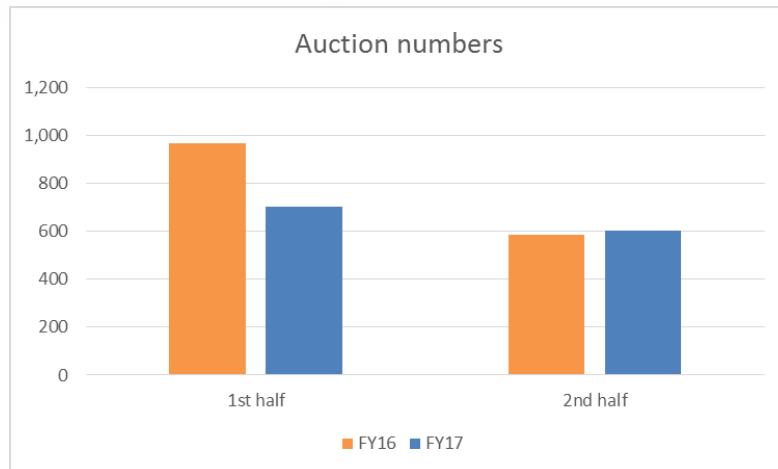
Energy Procurement

Higher auction volumes and increase contract prices

- Energy Action provides a complete range of procurement options across four distinct market segments:
 - Structured Products
 - RFP's or tenders
 - Tariff (SME)
 - Auctions
- Solutions are tailored to the client's requirements.

	FY17	FY16	Variance
No of Auctions ¹	1,306	1,550	-16%
Average contract duration	20.3mth	22.6mth	-2.3mths
TWhs procured via Auction ²	1.57	1.89	-17%
Average \$/MWh	\$85.52	\$54.16	+58%
No. of C&I electricity tenders	40	29	+37%
No. of C&I gas tenders	67	70	-4%

1. Contracted auctions.
 2. Annualised figure based on energy only component of bill, excludes network and other charges

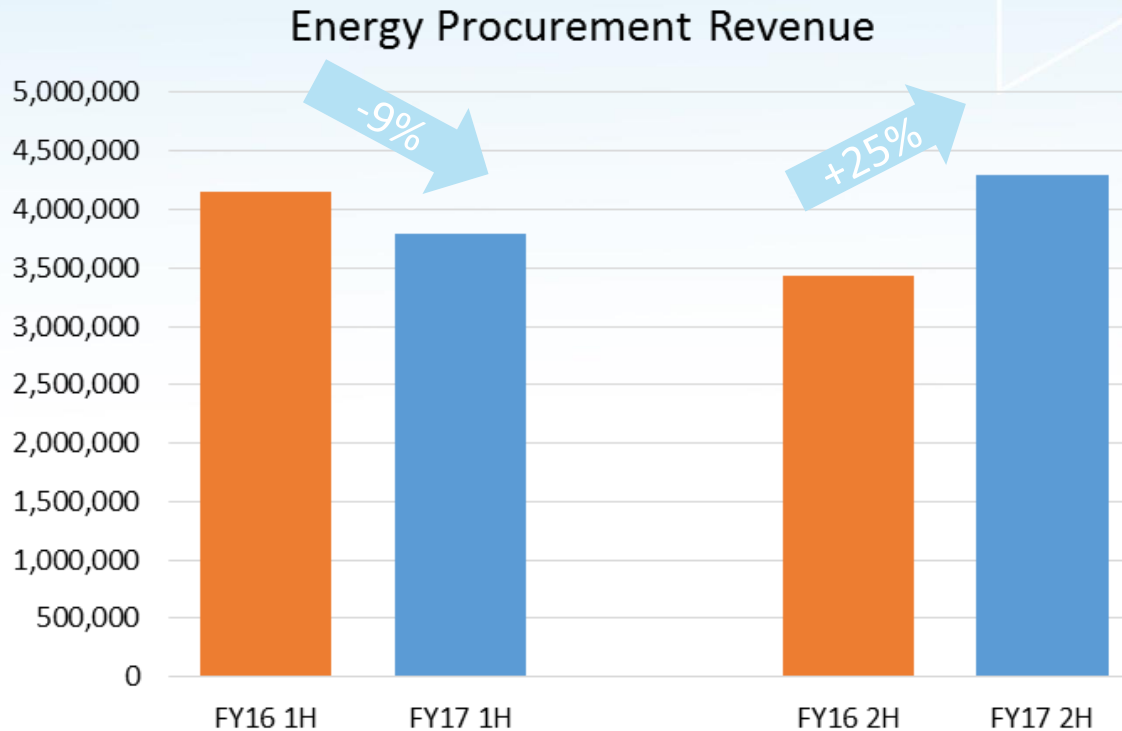


- Auction numbers have stabilised
 - 1st half -27% vs FY16
 - 2nd half +3% vs FY16
- Growth also recorded in tariffs, tenders and structured products

Energy Procurement

Stronger second half as client contracts renewed

- Turnaround in second half revenues with higher auction numbers, tariff sites and structured product assignments



Contract Management & Environmental Reporting



- > Innovative enhancements deployed in H2
 - Market first mobile app; enhancements to the Platinum service including weather and forecast load alerts; and, automation of the WA service
- > Circa 14,300 sites are under management
 - Reduction mainly due to the loss of one large retail client due to in-sourcing and a number of smaller clients
- > Over \$3 million of potential bill validation and network tariff review savings to clients generated in FY17
- > Over \$1.5 million in a single billing error discovered for a client in August 2017
- > FY18 focus on improving client value delivery and insights from CMER services, enabling usage and cost reductions

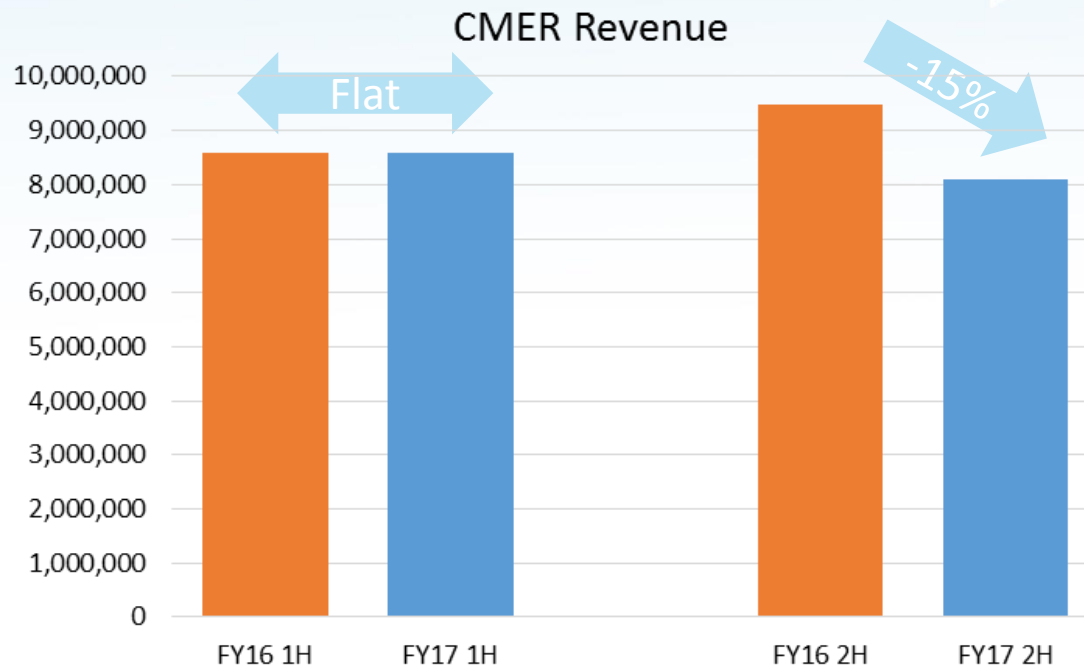


Contract Management & Environmental Reporting

Decline in H2 following the loss of a retail client



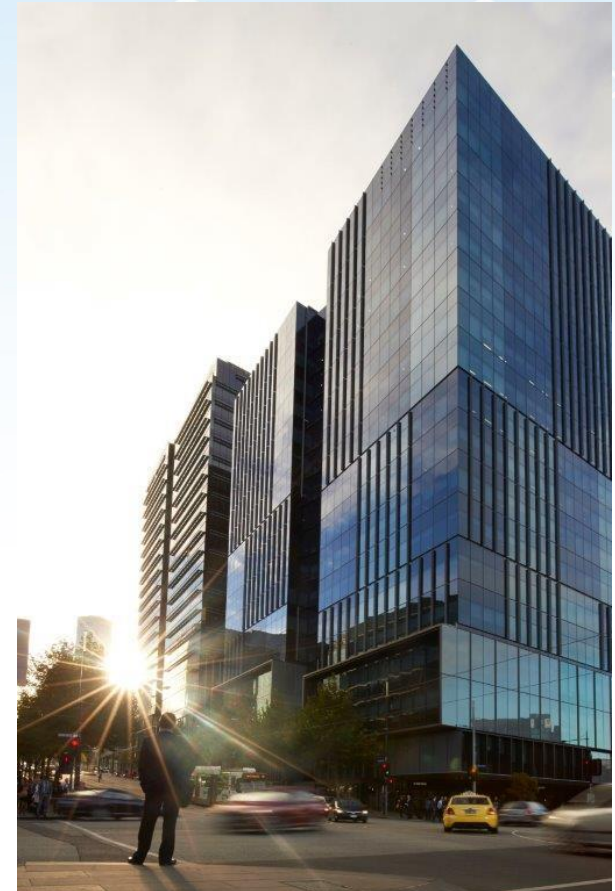
- A retail client with circa 570 sites in-sourced this service impacting H2 revenues



Projects & Advisory Services

Project Highlights

- > 747 Collins Street, Melbourne achieved 6 Star NABERS rating (using the EAX OptEEemise offering) and achieved several awards including:
 - Winner, Association of Energy Engineers (USA) Oceania Region Energy Project of the Year
 - Finalist, Victorian Premier Sustainability award
 - Finalist, CIBSE International project of the year
- > Completed the review and upgrade of the energy efficiency sections of the Building Codes of Australia – recognising EAX's thought leadership in this area
- > EAX's building automated fault detection offering (OptEEemise) off to a successful start with 11 sites now operational



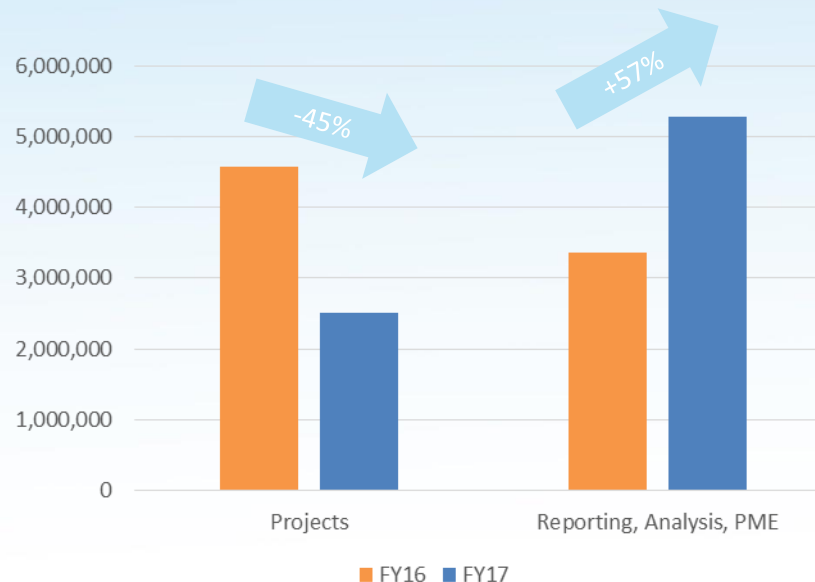
Projects & Advisory Services

Project Highlights

- > Commercial Building Upgrades
 - Practical completion of Mercure Hotel, Penrith in August 2016
 - Work largely completed on delivering an energy upgrade project for a 16,000m² office building in Melbourne CBD
 - 10 Moore St, Civic, Canberra and 44 Sydney Road, Forrest, Canberra both achieved target rating of 4.5 stars
- > Structural review implemented January 2017 to focus on higher margin consulting business rather than lower margin supply & install work

Projects & Advisory Services

Irregular nature of project work skews results. Consulting revenues grew 57%



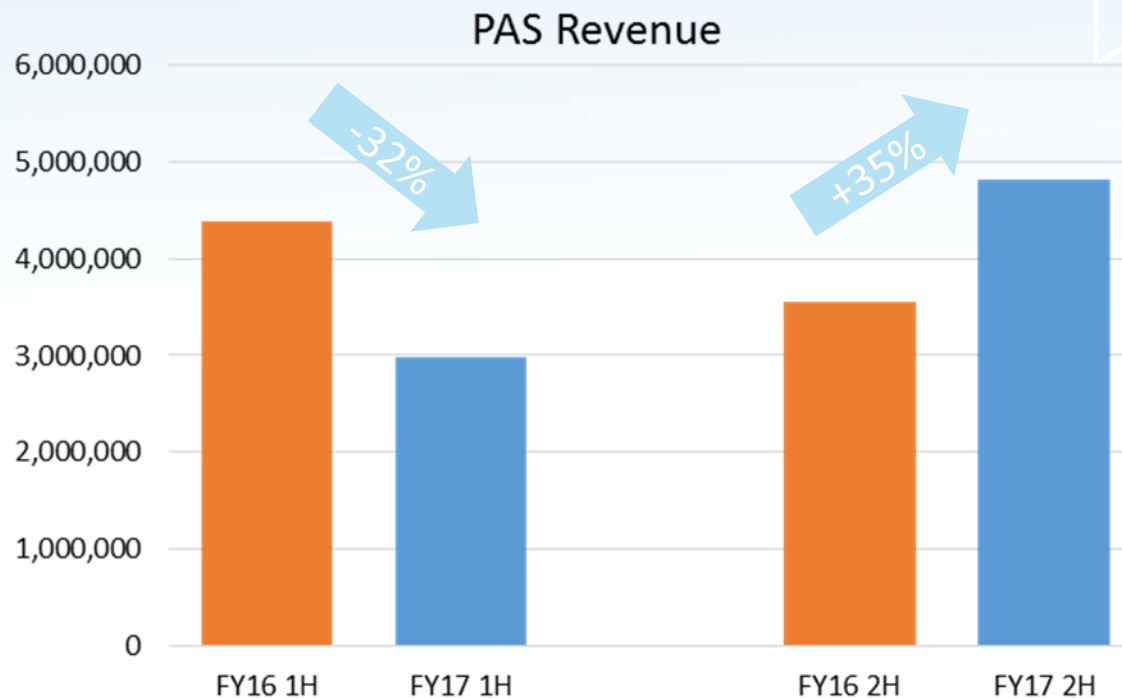
Project work is irregular in nature, making year on year comparisons difficult

- Results demonstrate the success of the decision to focus on higher margin and more consistent consulting opportunities, with less emphasis on lower margin and higher risk supply & installation work
- Growth driven by the increased volume of audit works (particularly SA and industrial sites), high value policy projects and increased commercial building analytical work (OptEEmise)

Projects & Advisory Services

Focus on higher margin consulting services delivering growth

- Growth from consulting services and timing of project delivery services
- Focus on consulting resulted in a faster sales cycle and improved consultant utilisation



FY18 Priorities



Energy Action Executive Team



Ivan Slavich
Chief Executive Officer



David Rylah
General Manager – Energy Market Solutions



Michael Fahey
Chief Operating Officer & CFO



Stephen Flannigan
General Manager – Business Services



Paul Bannister
Innovation & Sustainability Director

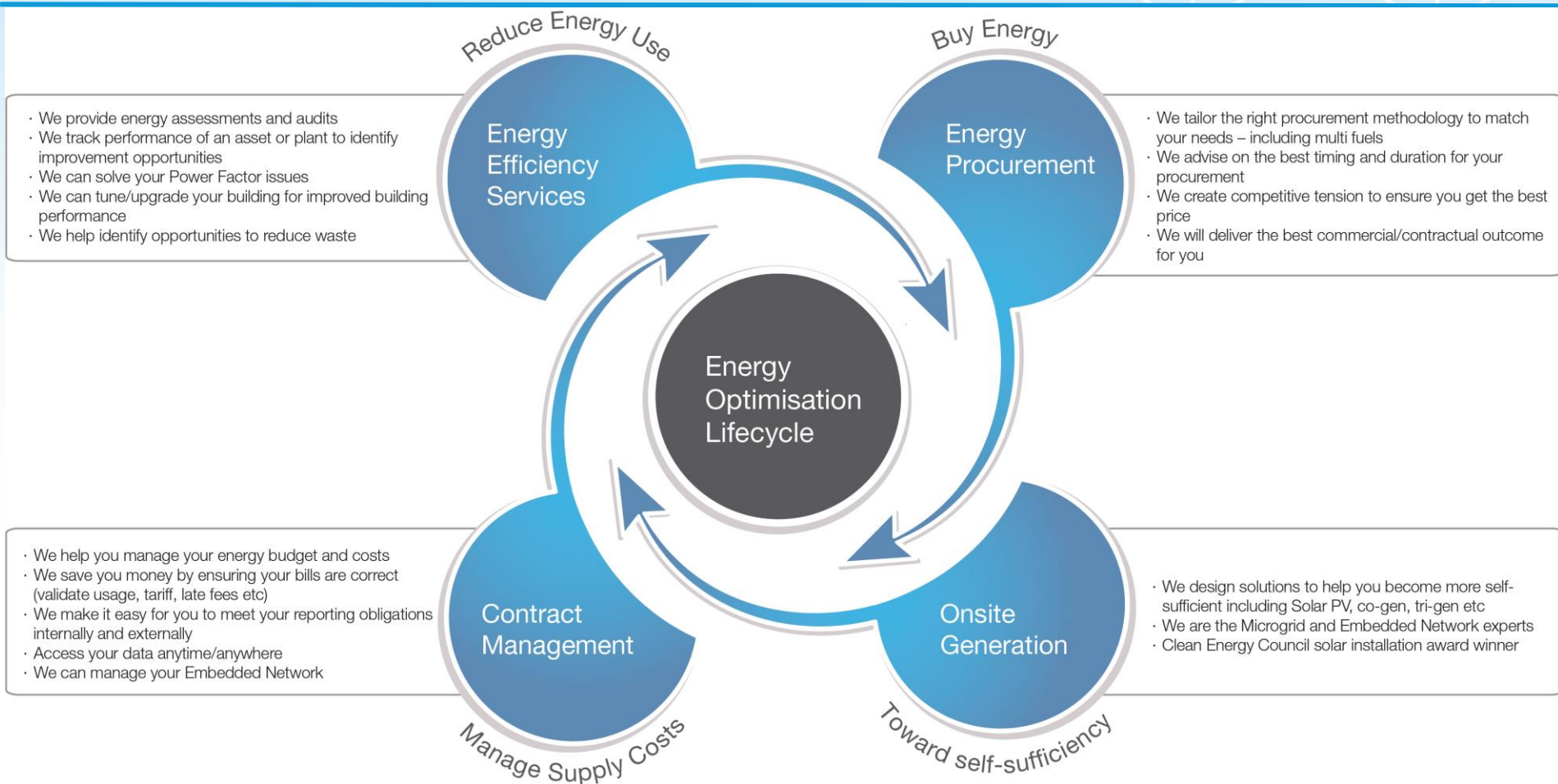


Caoimhin Ardren
Projects & Advisory Services Director

Unrivalled depth of services across both demand and supply sides

Multiple options to deliver value to clients

EnergyAction



Our client value proposition

We help clients understand and take control of their energy needs

- Procure the best energy deal for clients, in the current marketplace;
- Manage client energy contracts, including account management, liaison with their retailer, validating their bill, ensuring the right tariff and helping them understand how they are using energy;
- Reduce the energy consumption for clients, which is good for their bottom line and good for the environment; and
- We help clients become self-sufficient with their energy needs by installing solar.

Our top priorities for FY18

Focus on improving customer service and sales & marketing effectiveness

EAX Strengths

- Procurement market expertise covering all market segments from SME's to the largest energy users
- Supply & Demand side expertise
- Expert capability & knowledge
- National reach
- Market leading products & services
- Positive external environment

Key Priorities

- Gain market penetration via improved sales & marketing execution
- Digitalisation of routine processes to streamline the client journey
- Develop & exploit regional opportunities
- Create a winning culture
- Optimise pricing

A further business update will be provided at our AGM on 15 November



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All information contained herein is current as at 30 June 2017 unless otherwise stated.

Appendix

Balance Sheet

BALANCE SHEET AS AT - June 2017		
	30/06/2017	30/06/2016
Current Assets		
Cash and cash equivalents	2,105,779	1,207,045
Debtors	5,992,413	4,905,396
Other Assets	2,770,999	2,400,241
Total Current Assets	10,869,191	8,512,682
Non Current Assets		
Trade and Other Receivables	91,358	85,509
Software Development	3,312,005	2,758,693
Goodwill at cost - Ward, Exergy & E Advice	9,944,796	9,944,796
Customer relationships	1,406,174	1,645,257
Computer Equipment	201,503	232,171
Furniture & Fixtures	542,770	569,067
Total Non-Current Assets	15,498,606	15,235,493
Total Assets	26,367,797	23,748,175
Current Liabilities		
Trade Creditors	(291,926)	(695,463)
Other Payables	(1,650,994)	(846,696)
Deferred payable (Exergy/EAD)	-	(2,749,189)
Payroll Related Payables	(524,122)	(491,380)
Employee entitlements	(1,624,146)	(2,048,922)
Income tax liability	877	(47,052)
Total Current Liabilities	(4,090,311)	(6,878,702)
Non Current Liability		
Employee Entitlements - Non current	(320,180)	(357,270)
Loans and Borrowings	(9,015,005)	(3,973,358)
Deferred tax liability	(372,339)	(532,566)
Total Non Current Liabilities	(9,707,524)	(4,863,194)
Total Liabilities	(13,797,835)	(11,741,896)
Net Assets	12,569,962	12,006,279
Equity		
Shareholders equity	(6,542,088)	(6,542,088)
Byback Employee Shares	4,182	4,182
Retained income previous year	(9,838,250)	(10,287,649)
Retained Earnings Current Year	-	-
Dividend	5,780,330	4,866,745
Foreign currency translation reserve	37,437	34,130
Interest Rate Reserve	24,165	-
Net Income for the Year	(1,772,970)	449,399
Share based payments	(262,768)	(530,998)
Total Equity	(12,569,962)	(12,006,279)



Cash Flow

Operating Cash Flow	FY17
Operating EBITDA	5,631,858
Trade debtors	-1,028,492
Other debtors	-434,196
Trade creditors	-228,646
Other creditors	-135,768
Share based payments	-203,173
Other WC mvmts	0
Operating Cash Flow before Interest & Tax	3,601,584
Net financing costs	-418,816
Income taxes paid	-1,116,918
Operating Cash Flow	2,065,850
Cash flow related to significant items	-3,481,958
Statutory net cash from operating activities	-1,416,108

Statutory to Operating Profit reconciliation

EnergyAction

	Operating profit after tax			EBITDA		
\$	FY17	FY16	Variance	FY17	FY16	Variance
Statutory results after tax / Operating EBITDA	1,772,970	(449,399)	495%	4,731,322	2,524,681	87%
Add back Significant Items after tax :						
Deferred consideration on acquisitions ¹	392,811	3,850,327	90%	392,811	3,850,327	90%
Restructuring and M&A costs	355,408	118,579	-200%	507,725	169,399	-200%
Total Significant Items	748,219	3,968,906	81%	900,536	4,019,726	78%
Operating Profit after tax / Operating EBITDA	2,521,189	3,519,507	-28%	5,631,858	6,544,407	-14%

Statutory Profit / (Loss) is prepared in accordance with Australian Accounting Standards and the Corporations Act. Statutory Profit / (Loss) after tax of \$1.77 million included a loss after tax of \$0.7 million treated as a Significant Items (FY1 \$3.97 million). Excluding these items, Operating Profit was \$2.5 million down 28% from the previous year.

¹ Deferred consideration on the Energy Advice acquisition is required to be accrued and expensed for accounting purposes. This was finalised in August 2016 and no further deferred consideration associated with this transaction will be expensed.

Operating Profit is reported to give information to shareholders that provides a greater understanding of operating performance by removing Significant Items and therefore facilitating a more representative comparison of performance between financial periods.