



ASX Announcement

Thursday, 6 September 2018

ERM Power expands Energy Solutions offering with acquisition of industrial energy efficiency business 'Out Performers'

ERM Power Limited [ASX: EPW] today announced the acquisition of independent engineering group, Out Performers, which specialises in industrial energy productivity for large energy consumers.

Out Performers, based in Sydney, delivers large and complex commercial and industrial energy efficiency projects aimed at the 300 largest energy users in the country. The company's technical expertise and services in energy advisory, project delivery and performance tracking for industrials complement and expand ERM's existing Energy Solutions offering, capability and reach.

The acquisition will be immediately earnings and EPS accretive as part of ERM Power's Energy Solutions division and will be financed from existing facilities, consistent with previously announced plans to invest up to \$40m in organic and inorganic opportunities in Energy Solutions.

The acquisition cost is \$12m with an earnout over two years of up to a further \$4m. Out Performers FY18 net profit before tax on a standalone basis was \$2.3m and is acquired on a debt-free basis.

ERM Power CEO Jon Stretch said Out Performers was an excellent fit, bringing large-scale industrial project expertise and energy efficiency certificate creation capability to ERM's existing suite of energy solutions.

"Our Energy Solutions business has grown significantly from single product offerings to fully integrated advice, project delivery and ongoing energy tracking with a current focus on commercial buildings, education and government. Out Performers expands that capability into complex industrials and manufacturing at a time when businesses have never needed more help with managing their energy efficiency and productivity for environmental and cost benefits," Mr Stretch said.

"ERM has large industrials as retail electricity customers and now, with Out Performers, can meet their full energy supply and demand needs.

"Out Performers combines industry specific knowledge with highly customised advice for industrials including manufacturers, with a focus on higher complexity energy challenges across electricity and gas.

"Founder Duncan Stone and CEO Michael Wiener lead a high-performing team with a culture and ethos around energy productivity that aligns well with the ERM approach.

"The combination of these two businesses will make us a leading energy solutions provider in Australia that can help any size customer take control of both their electricity and gas challenges."

Founder Duncan Stone said Out Performers had advanced capability to design and deliver energy productivity programs for commercial and industrial customers and mature energy efficiency certificate management capability which directly complemented the strategic direction of ERM's energy solutions business.

The business has engineering and project management expertise in complex industrial processes such as compressed air, HVAC, controls, gas and steam. The team also has strong capability in sub metering and process metering design, measurement and verification.

Clients include some of the largest retail consumer brands, manufacturers and industrials in the country.

"At a systems level we have a powerful energy management and reporting software solution that can integrate with client systems such as SCADA to produce genuine energy productivity reporting. This adds value to the 'tracking' element of the ERM Energy Solutions business model," Mr Stone said.

“Out Performers delivers this offering through people expertise backed by a combination of systems and processes. Employees are predominantly engineers with technical expertise in electricity and gas operating as a high-performing team.”

Out Performers started as an energy efficiency certificate creation business in 2009. Since then it has developed sophisticated measurement and verification processes, leveraging strong engineering knowledge, advisory services and project delivery to meet not only the evolving nature of certificate scheme requirements but the increasingly complex energy needs of large customers.

Founder Duncan Stone and CEO Michael Wiener will stay on in their current roles.

The acquisition is subject to usual completion conditions and is expected to close on 28 September 2018.

About Out Performers

Out Performers, founded by Duncan Stone in 2009, is an engineering group with more than 30 staff based in NSW and Victoria. The business focuses on reducing the energy costs of Australia's 300 largest commercial and industrial energy users by improving the financial returns and reducing the risks associated with implementing energy efficiency projects.

About ERM Power

ERM Power is an Australian energy company operating electricity sales, generation and energy solutions businesses. The Company has grown to become the second largest electricity provider to commercial businesses and industrials in Australia by load¹. A growing range of energy solutions products and services are being delivered, including lighting and energy efficiency software and data analytics, to the Company's existing and new customer base. ERM Power also sells electricity in several markets in the United States. The Company operates 662 megawatts of low emission, gas-fired power stations in Western Australia and Queensland.

¹ Based on ERM Power analysis of latest published information.

For further information

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