

Energy One Limited (ASX:EOL)

Investor presentation 1H19



energyone

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10th consecutive half of profitable growth

Key financial metrics vs. previous corresponding period include:

- ↑ \$6.02M Revenue, up 20%
- ↑ \$1.60M* EBITDA, up 20%
- ↑ \$1.09M* NPBT, up 15%

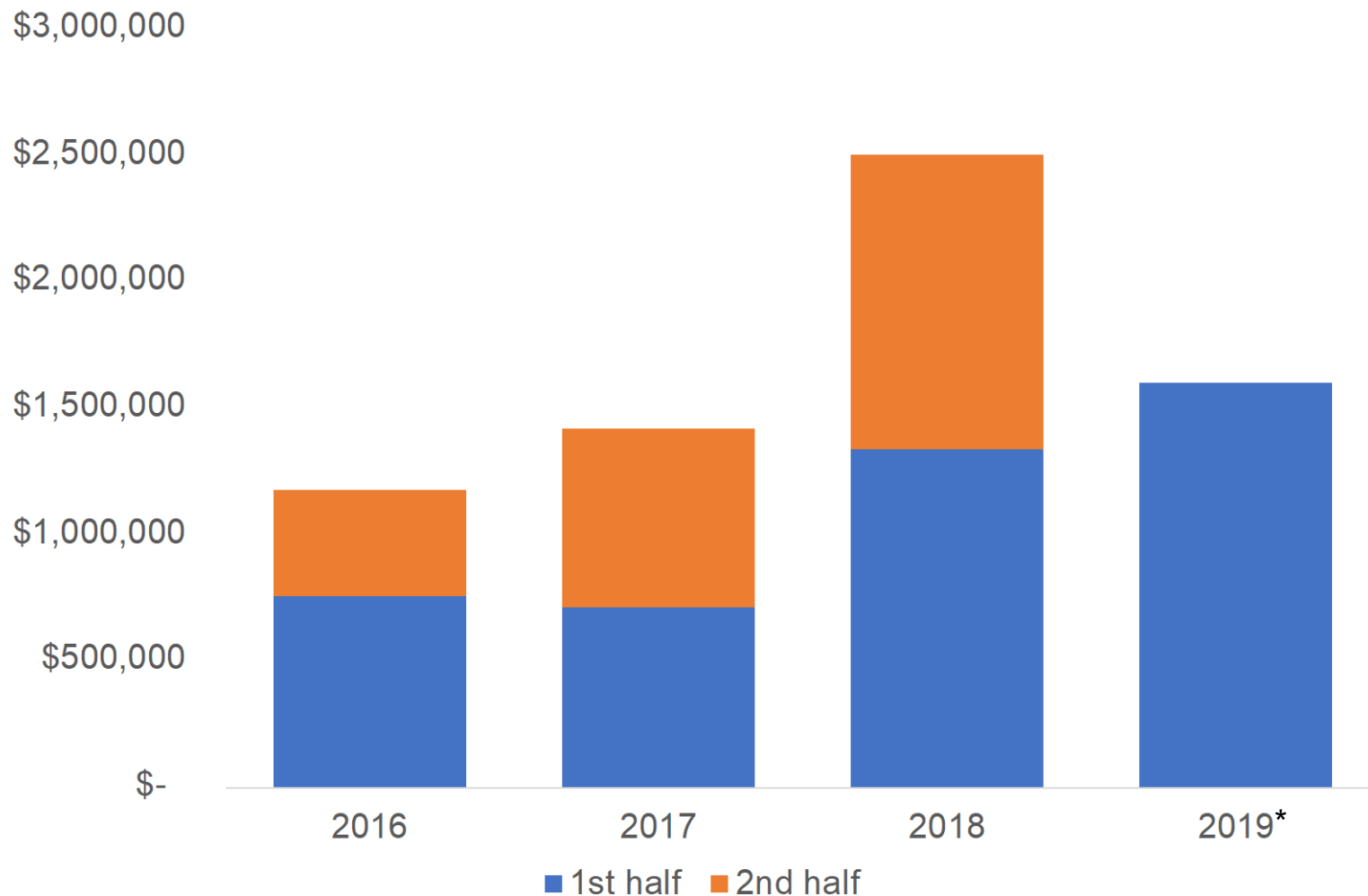
During the first half we also acquired Contigo Software (UK) Limited.



Profit & loss statement

\$'000	FY2016	FY2017	FY2018	1H19	Commentary
Revenue	4,583	5,429	9,299	5,762	20% increase on H1 FY18
Other revenue	584	688	628	253	
Direct project costs	(43)	(59)	(257)	(215)	
Employee benefits expense	(2,674)	(3,065)	(4,964)	(2,953)	
Rental expense	(193)	(215)	(263)	(164)	
Consulting expense	(311)	(402)	(613)	(296)	
Insurance expense	(60)	(71)	(94)	(46)	
Accounting fees	(88)	(78)	(93)	(69)	
Acquisition expense		(217)		(330)	Acquisition of Contigo is earnings accretive
Overseas marketing		(136)	(157)	(87)	
Other expenses	(514)	(611)	(941)	(568)	
Depreciation & Amortisation	(361)	(513)	(772)	(493)	
NPBT	924	750	1,718	764	(\$1.09M if one-off acquisition costs excluded)
Tax	(459)	(443)	(678)	(392)	
NPAT	464	307	1,040	372	
EBITDA	1,177	1,414	2,500	1,601	Includes 1 month's contribution from Contigo
<i>EPS (cps)</i>	<i>2.51</i>	<i>1.62</i>	<i>5.16</i>		
<i>Dividend</i>	<i>0.01</i>	<i>0.01</i>	<i>0.02</i>		Unfranked

EBITDA continues to grow



* Before one-off acquisition costs relating to Contigo acquisition

Balance sheet

\$'000	FY2016	FY2017	FY2018	1H19	
Cash and cash equivalents	2,228	363	728	2,325	Strong end to H1, even with major acquisition
Trade and other receivables	2,056	2,867	1,829	4,908	Increase due to acquisition (busy install period)
Total Current Assets	4,108	3,457	2,733	7,603	
Plant and equipment	502	429	524	714	
Software development	2,373	4,662	5,065	9,638	\$4.1M was acquired with Contigo acquisition
Intangible assets	641	3,454	3,475	4,730	Largely goodwill from acquisition(s)
Other assets	331	227	147	156	
Total Non-Current Assets	4,244	9,614	10,131	16,421	
Total Assets	8,631	13,175	12,864	24,024	
Trade and other payables	820	1,290	1,035	3,127	Acquisition increased trade and other payables
Borrowings		505		1,316	Debt for accretive (cash positive) acquisition
Deferred revenue	619	2,027	2,125	2,487	
Provisions & tax payable	620	837	1,165	1,182	
Total Current Liabilities	2,059	4,658	4,325	8,515	
Total Non-Current Liabilities	1,257	2,703	1,446	7,619	Includes non-current debt related to acquisition
Total Liabilities	3,316	7,361	5,770	16,135	
Net Assets	5,315	5,815	7,094	7,889	
Net assets per share (cps)	28.7	29.5	35.9	37.0	

Energy One successfully acquires



- ✓ On 30 November 2018, EOL executed an agreement to acquire of 100% of shares in Contigo Software Limited.
- ✓ Contigo is a leading supplier of ETRM software in the U.K and EU.
- ✓ The Contigo acquisition is immediately earnings accretive and was fully funded using a combination of cash and bank debt.

Key features of the acquisition

- Strong position in the U.K and EU with 20% - 25% of the UK ETRM market.
- Stable industry servicing blue chip corporates.
- 63% recurring revenue.
- Diverse international customer base
- Robust proven SaaS software.
- Strong, experienced team.
- Physical presence will help service EOL's European customers.
- Cross-sell EOL/Contigo features and modules to each other's customer base.

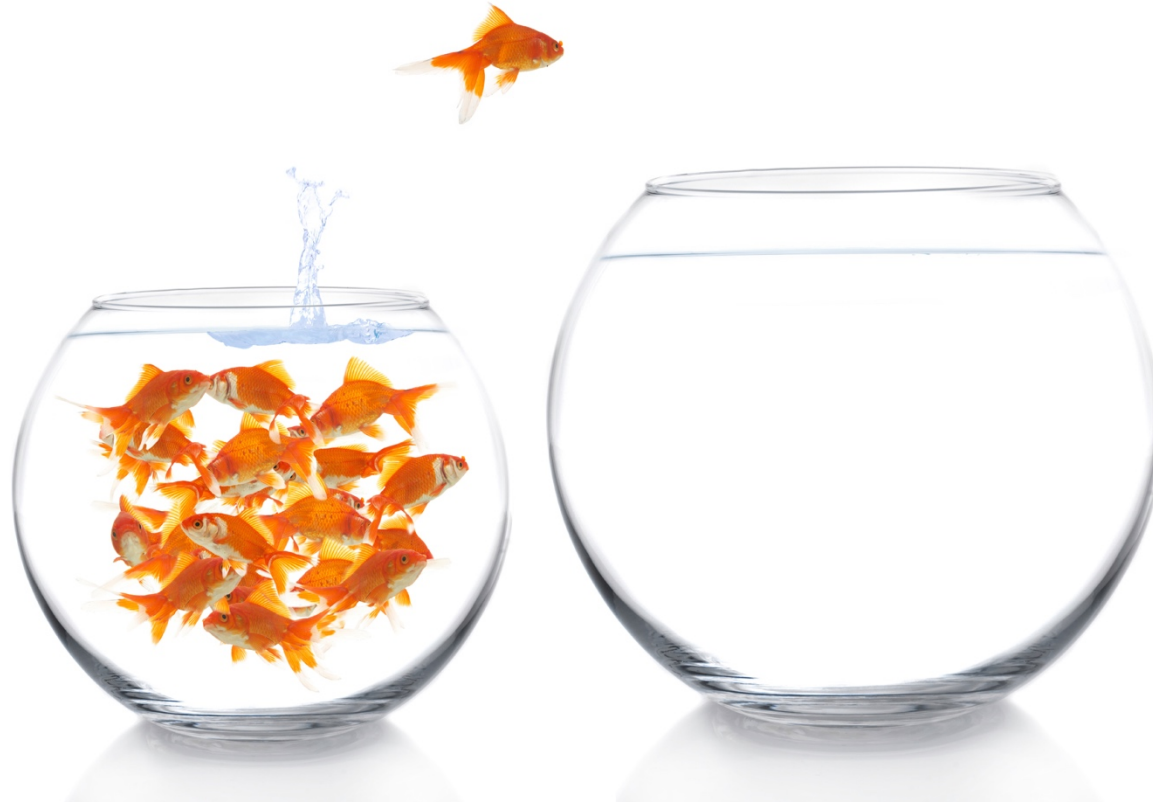


Contigo is a leading, high quality, business that has been spun out of a major corporate

Contigo was previously a subsidiary of a global vendor of exchange trading platforms. Energy One identified the Contigo business as an ideal potential acquisition target and completed the acquisition during late 2018.

Contigo Software is a vendor of Energy Trading and Risk Management (ETRM) systems, headquartered in the UK. They have 46 staff and 45+ client-installations across UK/Europe, with 34 such installations in the U.K alone.

A pivotal strategic acquisition expanding our market offshore



With a dominant position in the energy ETRM space in Australia, an off shore market like the U.K. and Europe provides an exciting expansion opportunity. The market size in UK/EU is >10x the size of the Australian market.

Customers and EOL to benefit from economies of scale

Can now develop a 'follow the sun' global 24hr support service.

Sales teams will have a greater range of features or products to sell to new and existing clients (cross-sell, upsell)

A global development team will have greater depth and more resources

Potential back office synergies



A strong customer base

centrica

DB NETZE

**BES
Utilities**



BES Commercial
Electricity



BES Commercial
Gas



BES Telecom

A stylized flame icon in blue and green, followed by the letters SSE in blue.**SSE**

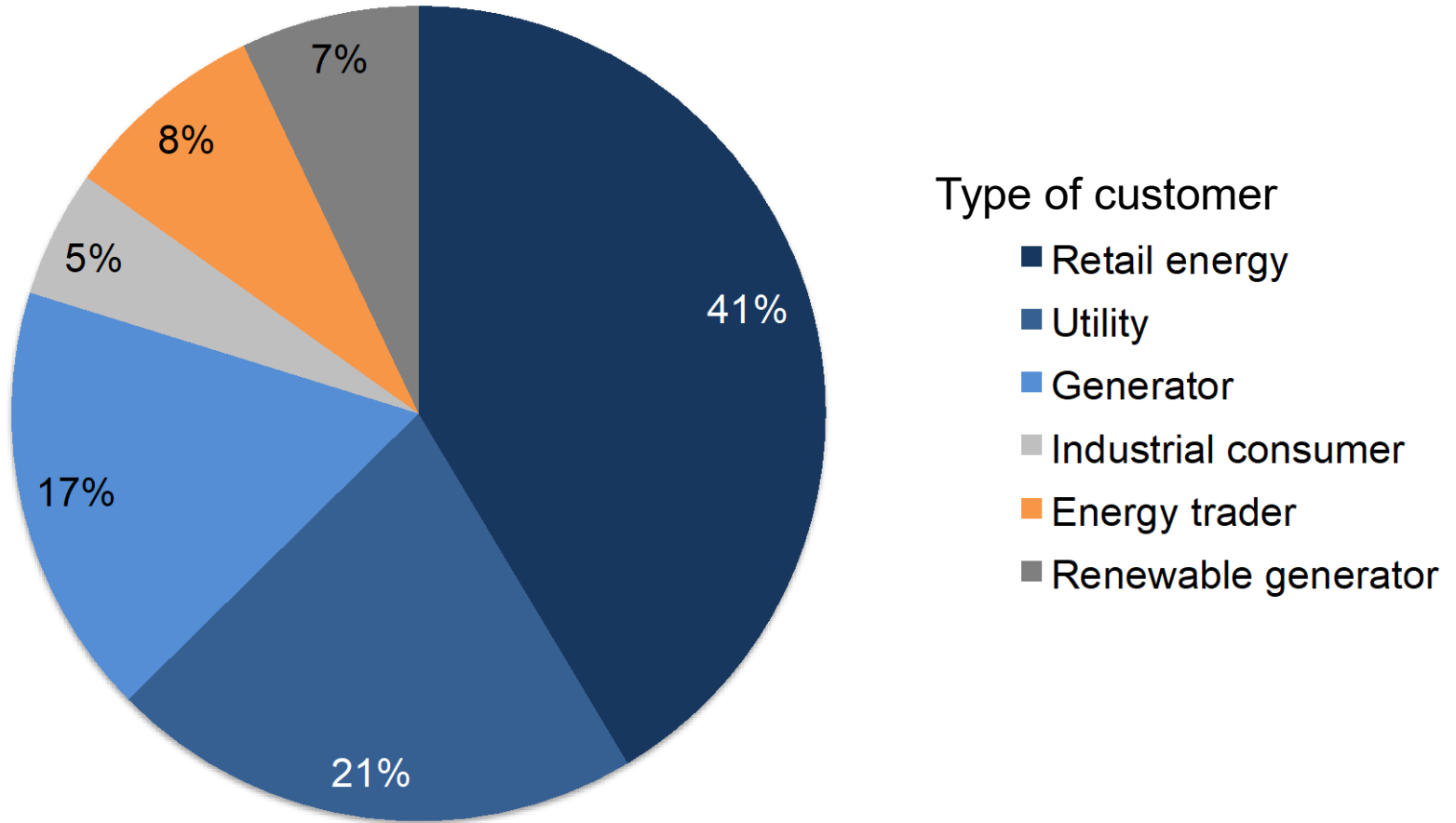
Invenergy

NGF
**nature
energy**

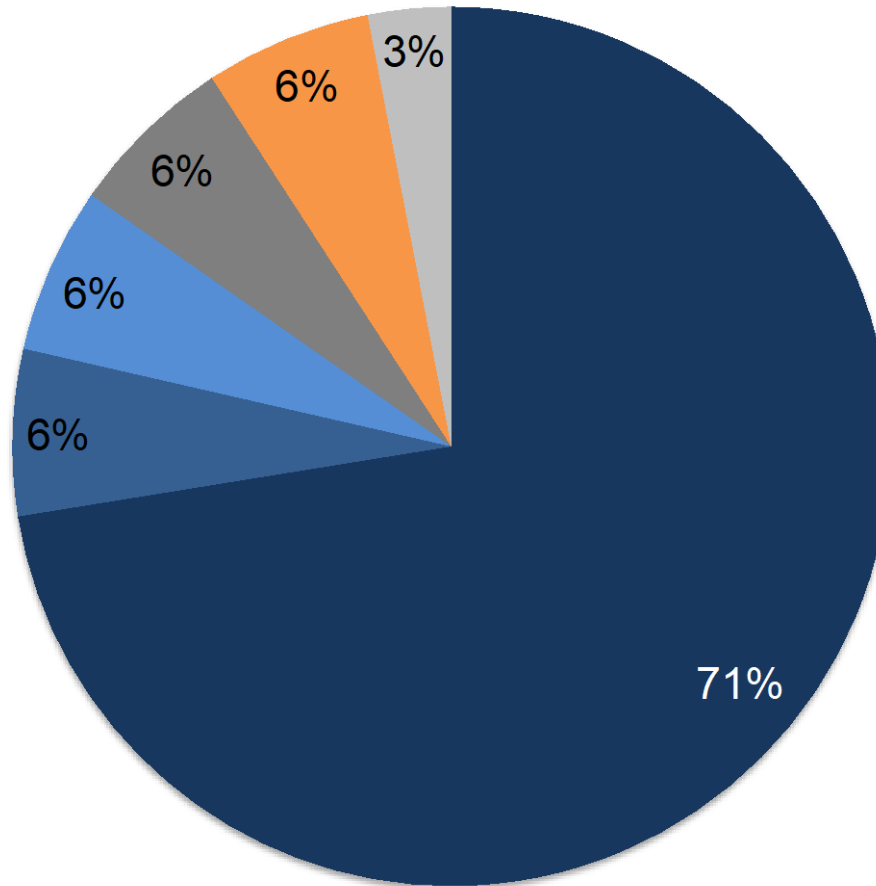
A purple circular icon containing the word 'coop' in white, followed by the word 'energy' in blue.**coop energy**
Part of The Midcounties Co-operative

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With diverse types of customers...



...and a strong position in the UK



Contigo customers by geography

- UK & Ireland
- France
- Germany
- Denmark
- Switzerland
- Benelux

Contigo's 3 key products...

enTrader[®]

An award-winning ETRM system, similar in purpose to our EOT and SimEnergy products but built for the UK/EU market

enVoy

An integrated energy nomination and scheduling platform, similar to our EnergyOffer platform, tailored for that local market

enPrice

Retail pricing engine – allowing reliable calculation and conversion of forward wholesale (bulk energy) prices into retail prices that retailers can quote to end customers; a business-critical activity for any retailer

The software is modern, robust and proven...

Contigo's software is modern, SaaS-based, feature rich and easy to install and configure.

Contigo has a strong (award-winning) reputation for quality, delivery and reliability compared to other UK/EU vendors.

2017 Energy Risk Software rankings

- ✓ Winner #1 Ease of implementation
- ✓ Winner #1 Carbon emissions trading
- ✓ Winner #2 Best cloud based ETRM

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So it is well positioned for next wave of system upgrades.

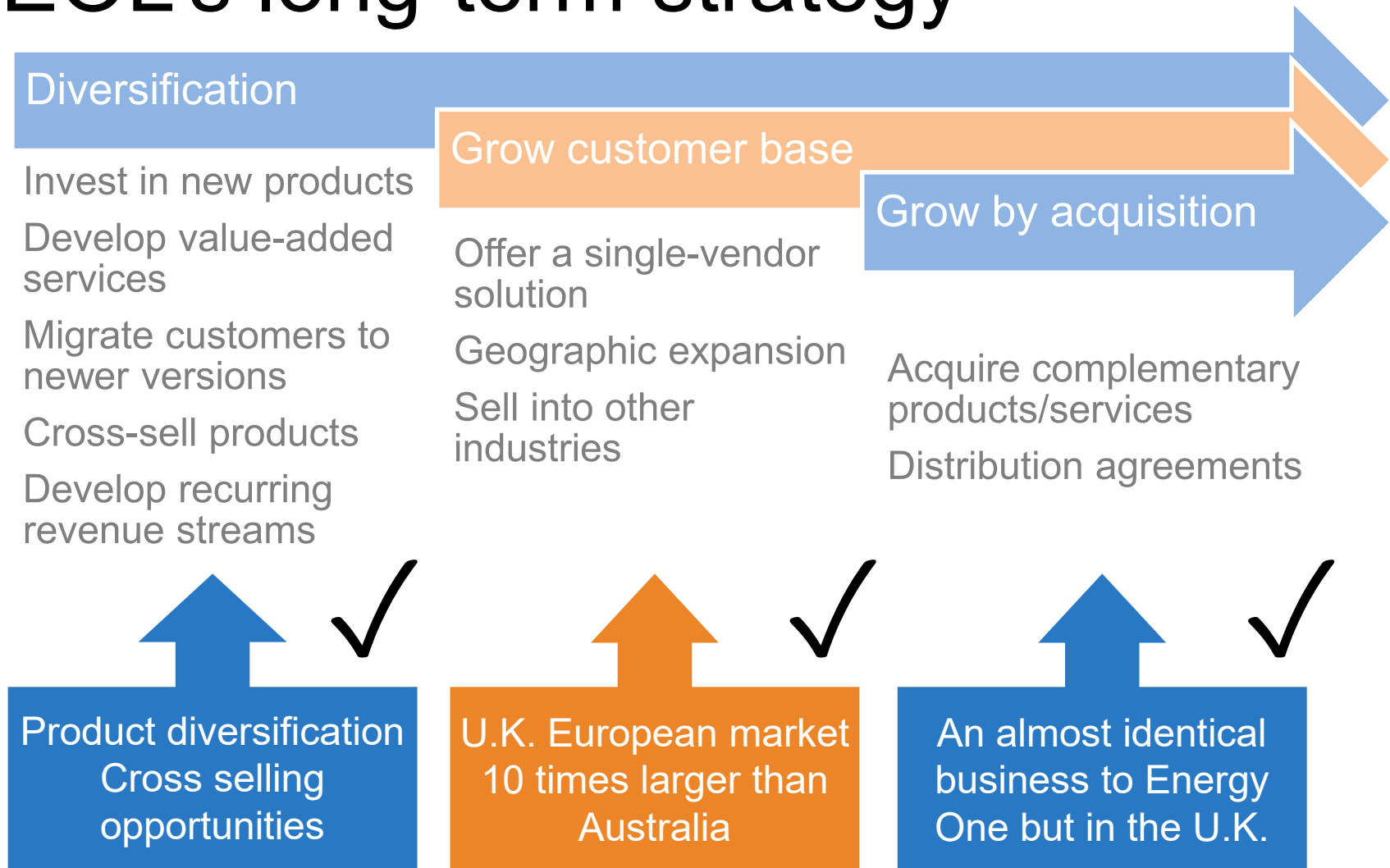
- ✓ With modern, cloud based, software, Contigo is well positioned to replace legacy systems in the next round of software upgrades.
- ✓ Contigo recently signed two customers who were replacing what was once considered a market leading ETRM solution. Customers choose Contigo for its ease of implementation and because it represented the best in next generation software.

Changing market trends in the U.K. and EU provide a tail wind



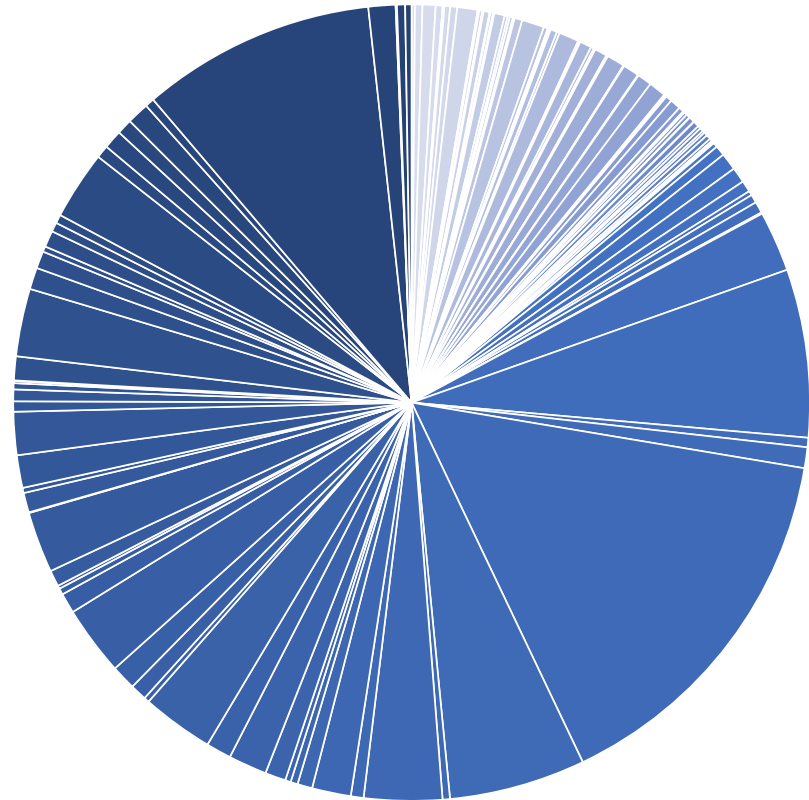
- ✓ Many new entrants wanting simple SaaS solutions.
- ✓ Move to more within-day trading - our system is far better suited than legacy systems of competitors.
- ✓ Trend toward replacement of legacy systems due to market changes.

The acquisition of Contigo fits EOL's long-term strategy



Acquisition builds revenue diversity

- The combined business will have an installed base of 175 instances across 11 countries
- Anticipated combined recurring revenues will be >70%
- Opportunity to cross-sell/bundle/package offerings to existing customers
- Greater leverage of future development in other power/gas/oil markets through multi-commodity offerings to a wider range of customers



Group revenue by customer post acquisition

Contigo is well placed to access Europe

- Head office in Solihull, 7.5 miles southeast of Birmingham and 180km northwest of London.
- Centrally located in UK
- Local international airport
- Easy access to the EU
- Great opportunity to grow Contigo's market share (currently ~25% in UK ETRM) vs. EOL's Australian market share ~50%



The acquisition is immediately earnings accretive

- Contigo Software immediately adds positive EBITDA to EOL.
- Funded using bank debt the acquisition will be immediately earnings accretive for shareholders.
- Additional free cash flow being generated.
- The acquisition will assist in reducing EOL's effective tax rate with additional profit offsetting R&D tax incentives from prior years.
- U.K. also has a lower corporate tax rate of 19%



The combined company will have better scale

Full year equivalent	EOL ¹	Contigo ²	Combined
Installed customer base	130	45	175
Countries	4	7	11
Revenue	\$10.5M	\$8.5M	\$19M
EBITDA	\$3.0M	\$1.25M	\$4.25M

- 1) EOL figures are H1 FY19 (before one-off acquisition costs), annualized and rounded up – for illustrative purposes
- 2) Standardised/illustrative full year (i.e. pro-forma) before integration costs or any synergies and improvements
- 3) FX rate £0:55:\$1.00

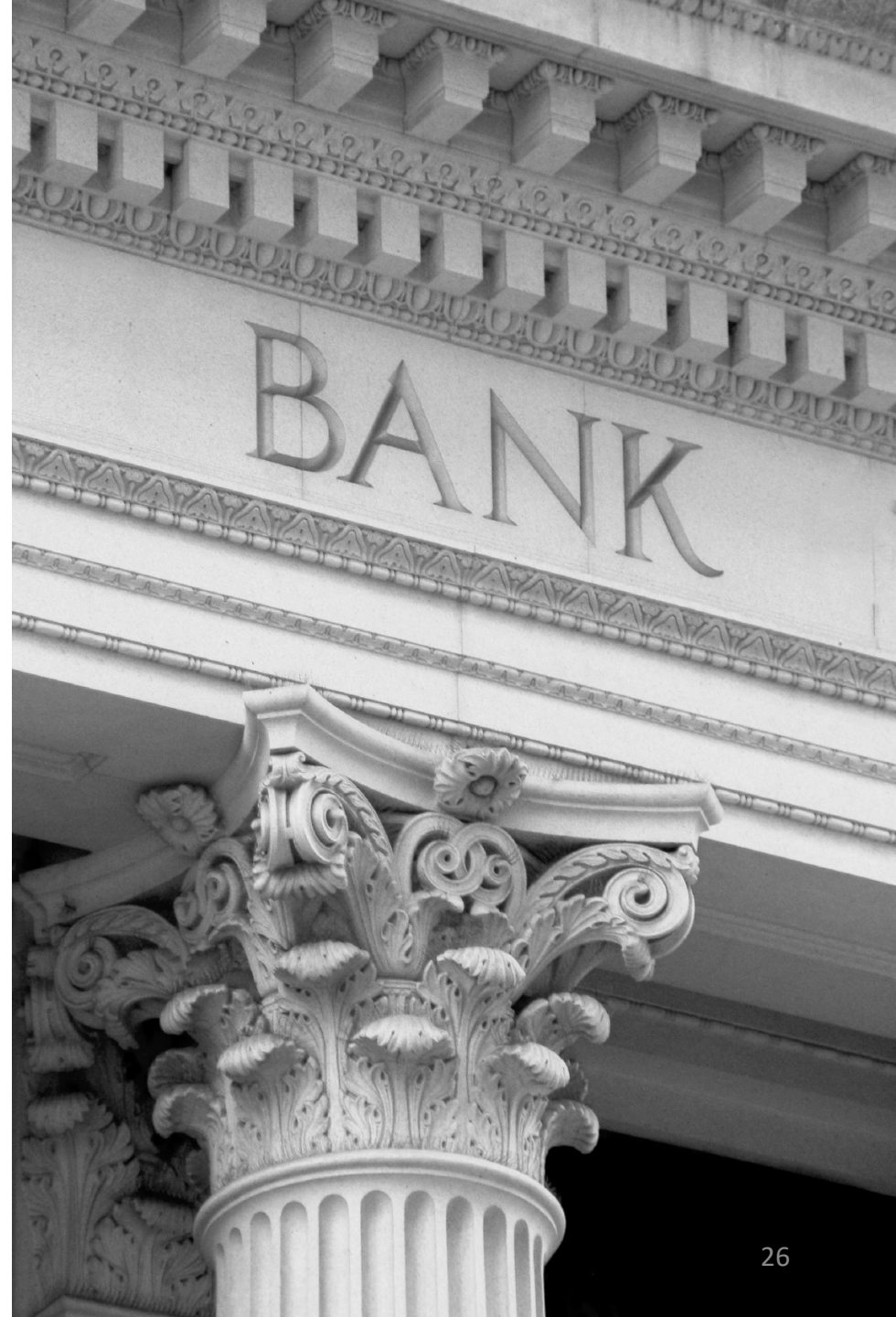
Acquisition metrics

Metric	
EBITDA* (Contigo)	£700,000
NPAT*	£340,000
Acquisition of shares	£715,000
Funding of Contigo shareholder loan	£3,285,000
/ess Net working capital	£800,000
Total	£3,200,000
EBITDA multiple	4.5
NPAT multiple	9.4

*Estimate – Based on a standardized ‘full year’ performance. Excludes any one-off acquisition and financing costs or accounting treatments arising from a combination with EOL and any synergies.

The acquisition was funded using bank debt and cash

- Westpac has provided an acquisition loan facility of \$7.3m.
- The three year floating rate loan is payable over five years.
- Same terms as previous facility.



EOL software has an installed base of 175 and 1200+ users, including:





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