Energy One Limited (ASX:EOL)

Investor Update for FY19

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Contents

About Energy One

- Energy One Limited (ASX:EOL) is a leading independent global supplier of Energy Trading and Risk Management (ETRM) Systems

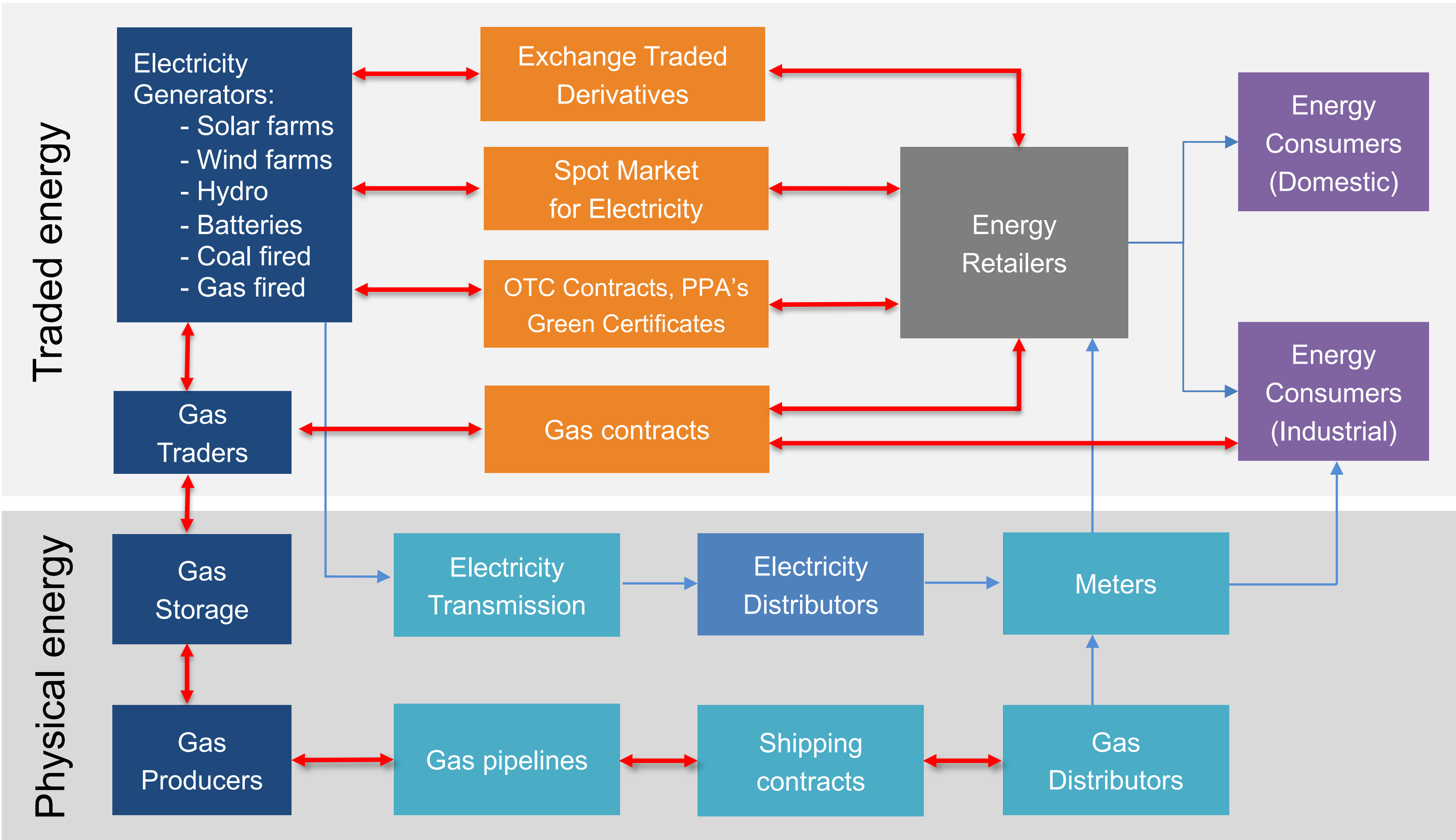
- More than 10 years experience providing high quality software solutions for customers trading in complex and fast-paced wholesale energy markets

- The Company offers SaaS and automation solutions for the trading and scheduling of physical and contract bulk energy and derivatives (including electricity, gas, liquid commodities and environmental and carbon trading)

- 50% of Australia's bulk energy is traded using our systems. With offices in Australia and UK, the company has ~200 installations in 11 countries, many with blue-chip international energy companies.

- Energy One has a strong track record of year-on-year growth in revenue, earnings and profit.

Many energy market participants use EOL software



Energy One software potentially used to facilitate a transaction

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A comprehensive suite of software

Physical Bidding

Allows a power station to bid it's electricity (quantity, price, time and place) into the National Electricity Market. Takes into account potential constraints in the transmission system allowing optimum dispatch for companies with multiple generators.

Market Analytics

Detailed data and market analytics platform and various trading tools for energy traders

ETRM

Contract management for recording physical trades (PPA's) and financial derivatives (Swaps, Options, Caps etc). Records the trade allocating it to a hedge book / portfolio. As market prices change hedge books are revalued. Forward books can be five years of more. Provides risk analytics such as GMaR, VaR, CaR, Monte Carlo etc. Electricity, gas, carbon, diesel, coal and Fx

Business Process Automation

Many systems and contracts in energy markets can be very complex. These tools automate complex but mundane tasks increasing not only accuracy but also efficiency. Can be used to help transport gas from one point through several different pipelines to and end point. Pipeline capacity for each pipeline has to be bought in advance

Business analytics, intelligence and reporting

Wrapping around various software products is a user-configured dashboard that can provide alerts, various market feeds, task management etc. It also offers comprehensive reporting and analytics

EOL software makes life easier

Participant	Challenges faced	Energy One products
Generators	Accurate, compliant energy spot market bidding	✓
	Efficiently dispatching generation during constrained network events	✓
	Energy operations (B2B, bid preparation, monitoring, compliance)	✓
	Hedging output against volatile spot market using derivatives	✓
	Management and valuation of complex PPA's	✓
Renewables	Automated bidding into the spot market	✓
	Curtailing dispatch during negative price events	✓
Retailers	Hedging load against the spot market and reconciliation with spot market	✓
	Trading energy derivatives deal capture and contract management	✓
	Logistics – transporting gas across multiple pipelines	✓
	Evaluation of risk exposure, monitoring risk limits	✓
	Renewable energy compliance	✓
	Energy operations (B2B, bid preparation, monitoring, compliance)	✓
Pipelines	Deal capture, settlements, capacity trading	✓
	Contract and network optimisation	✓
Industrial customers	Management of PPA's and gas transport logistics	✓
	Carbon trading management	✓
	Energy monitoring	✗
	Retail invoice reconciliation	✗
Energy traders	Single comprehensive source of market data and analytics	✓
	Trading tools to facilitate / manage complex derivative trades	✓

Operational review

A transformative year expanding off-shore

- Established a European headquarters with the acquisition of Contigo
- Now one of the largest independent vendors of ETRM systems globally

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Integration of Contigo is now complete

Energy One acquired Contigo Software in December 2018. Contigo is a leading vendor of energy trading systems in the U.K. and Europe

- Operational integration has been successfully completed
- Retained key staff and capabilities
- Technological and back office integration successful
- European operations now running on same accounting software as Australia

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Contigo is exceeding expectations

- Running slightly ahead of internal budgets with greater synergies than expected

- For the 7 months to June 2019 Contigo generated :
  - $4.8M in sales
  - $1.0M EBITDA

- 7 months of profitable contribution
- 7 countries of operation
- 7 customers won since acquisition, including 3 in Scandinavia and 1 in the Czech Republic.

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Contigo was a strategic acquisition to expand our market offshore

With a strong 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.

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We're successfully executing our long term strategy

Diversification

Invest in new products

Develop value-added services

Migrate customers to newer versions

Cross-sell products

Develop recurring revenue streams

Grow customer base

Offer a single-vendor solution

Geographic expansion

Sell into other industries

Grow by acquisition

Acquire complementary products/services

Distribution agreements

✓ New products developed / acquired in FY19

✓ Established European headquarters

✓ Three acquisitions in 3 years, continue to look for other opportunities

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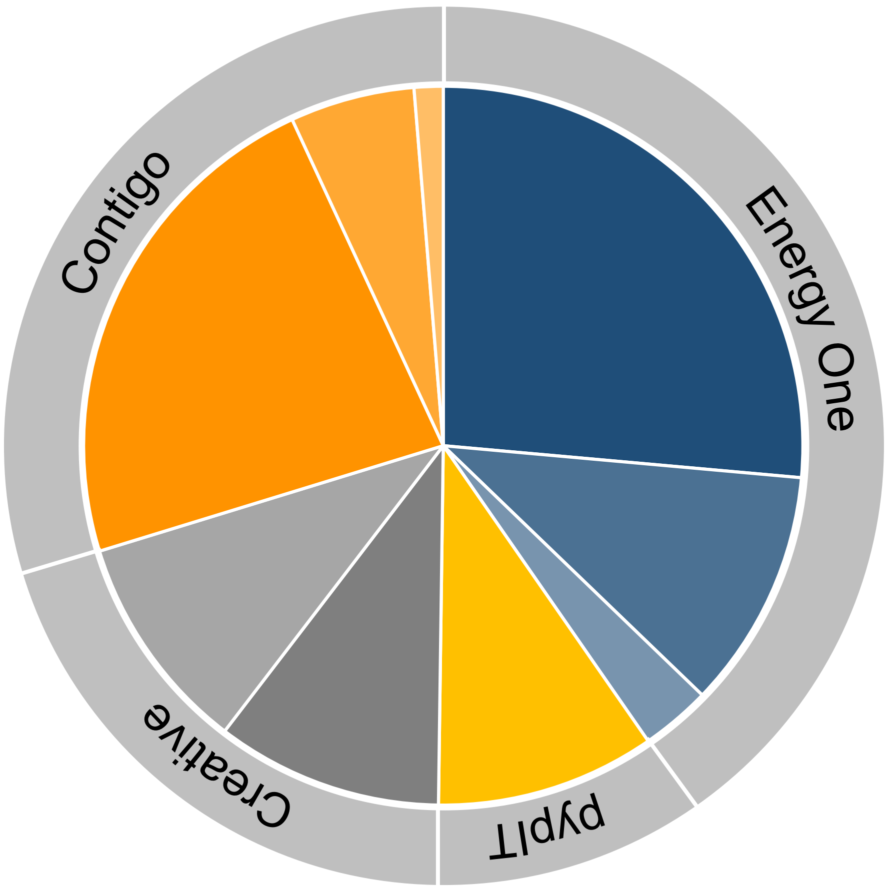
Acquisitions have improved revenue and product diversity



Revenue by product and company

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We now have a business with global capability

100 staff in 2 countries

Global support 24/7 – follow-the-sun

Globally integrated operations
- Single back office infrastructure
- Global finance system
- Automated testing
- Development tools and toolkits

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The Australian business has remained strong

- Australian EBITDA increased 16%
- Recurring revenues were $7.6M or 70%
- We added ten new customers including two new large customers for EOT
- pypIT had a strong year as a result of regulatory changes in the market
- Creative Analytics product range revenue increased 16%

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Financial review

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6th consecutive year of profitability

Revenue increased 62% with seven months contribution from Contigo

EBITDA (excl one-offs) increased 54% to $3.85M

NPAT increased 26% to $1.3M

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Financial results summary

	30 June 18	30 June 19	Change	
Revenue	$9,927,000	$16,065,000	⬆	62%
Underlying EBITDA*	$2,500,000	$3,851,000	⬆	54%
Underlying NPBT*	$1,718,000	$2,444,000	⬆	42%
NPAT	$1,040,000	$1,309,000	⬆	26%
NTA / share (cents)	14.9	14.9	-	0%
Cash and equivalents	$728,000	$2,216,000	⬆	304%

* Before one off acquisition costs of $381k

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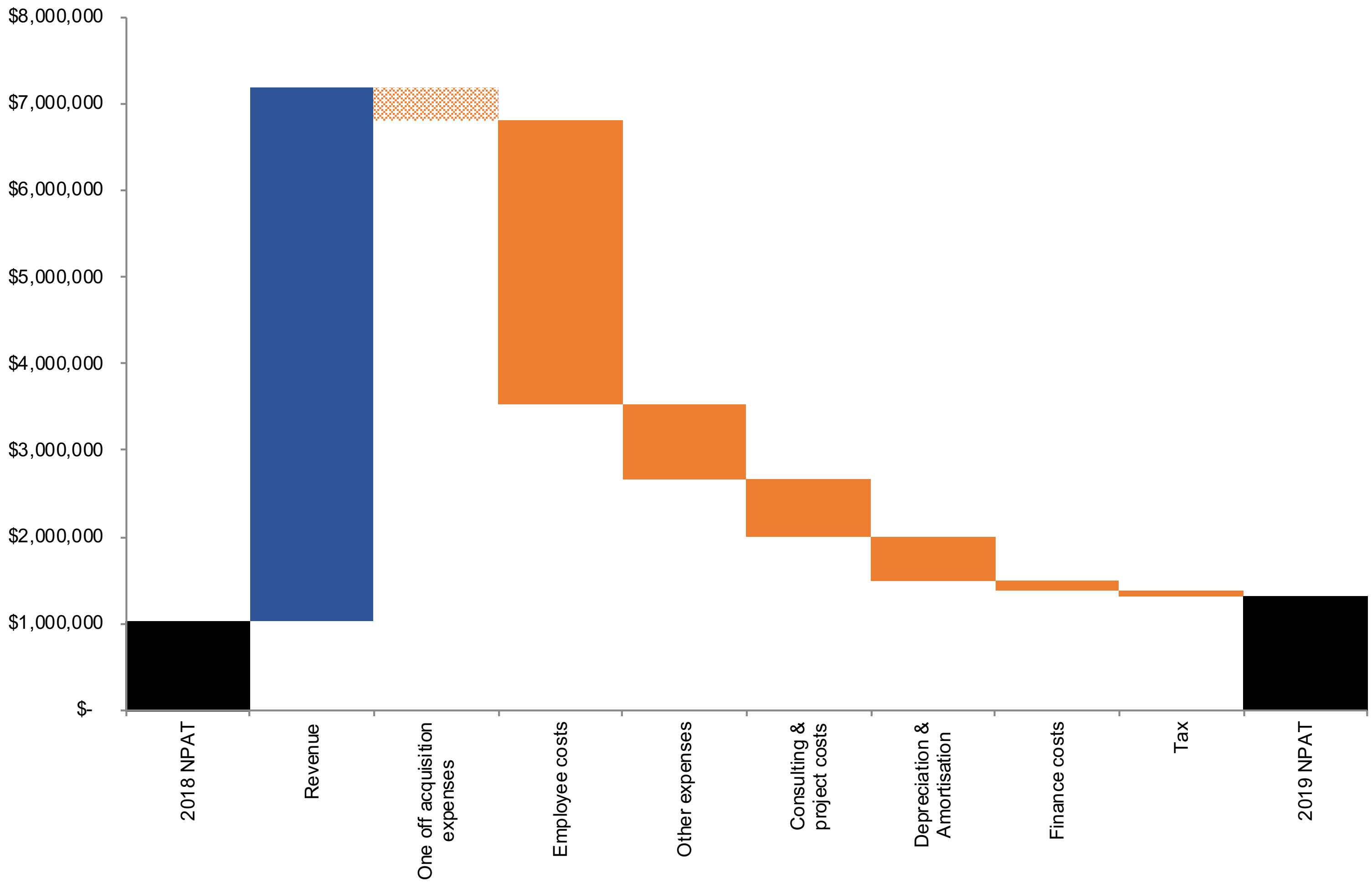
A continued focus on costs whilst increasing revenue improved NPAT



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Profit & loss statement

$'000	2017	2018	2019	
Revenue	**5,429**	**9,299**	**15,671**	Seven months contribution from Contigo
Other revenue	688	628	394	R&D grant & interest
Direct project costs	(59)	(257)	(794)	
Employee benefits expense	(3,065)	(4,964)	(8,233)	Increase is in line with revenue
Rental expense	(215)	(263)	(477)	Offices in Sydney, Adelaide, Melbourne, Brisbane, UK
Consulting expense	(402)	(613)	(754)	Project resources (predominantly a variable cost)
Insurance expense	(71)	(94)	(118)	
Accounting fees	(78)	(93)	(153)	
Acquisition expense	(217)		(381)	One-off acquisition costs, Creative FY17 & Contigo FY19
Overseas marketing	(136)	(157)	(88)	Market exploration of UK/EU potential
Other expenses	(611)	(941)	(1,565)	In line with prior results as a percentage of revenue
Depreciation & Amortisation	(513)	(772)	(1,269)	In line with prior results as a percentage of revenue
NPBT	**750**	**1,718**	**2,063**	
Tax	(443)	(678)	(754)	High effective tax rate due to prior R&D incentives
NPAT	**307**	**1,040**	**1,309**	
EBITDA	**1,414**	**2,500**	**3,850**	FY17 & FY19 figures are underlying (excluding one-offs)
EPS (cps)	*1.62*	*5.16*	*6.22*	
Dividend	***0.01***	***0.02***	***0.03***	Unfranked

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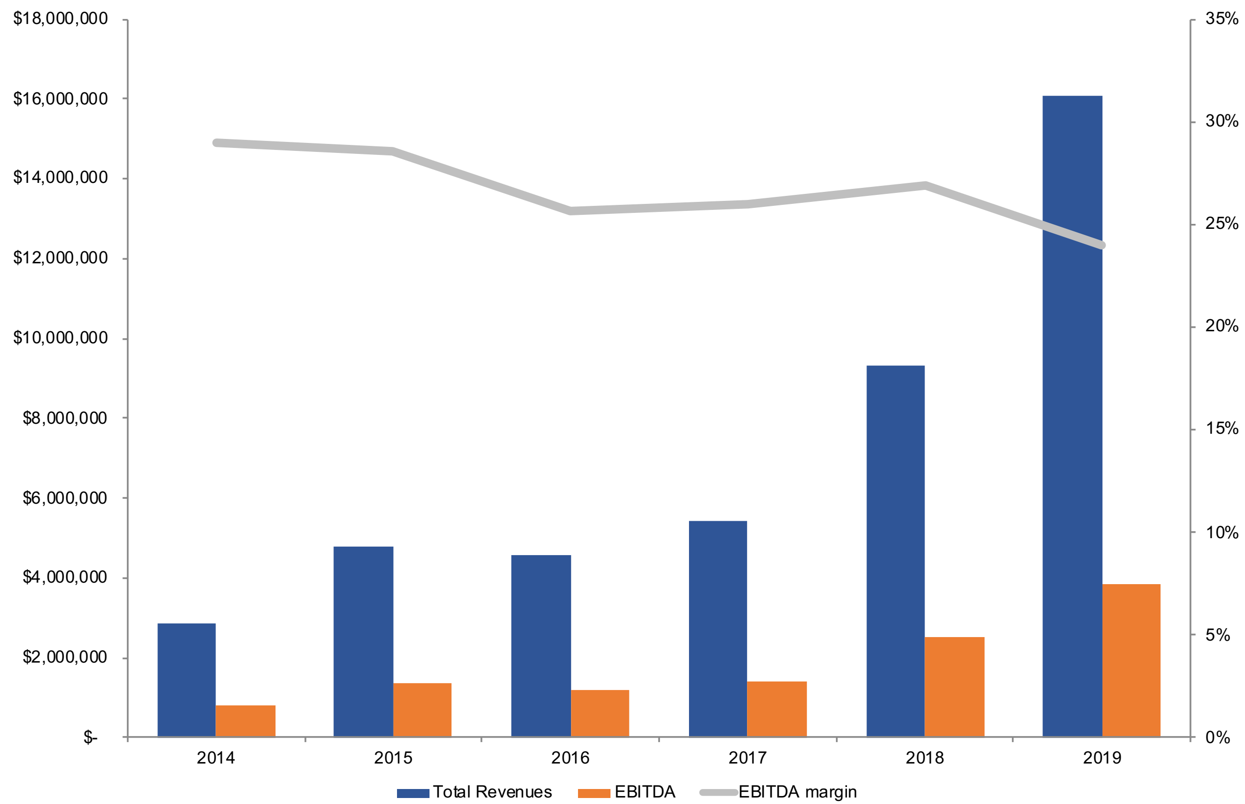
Strong EBITDA and revenue growth



EBITDA margin declined slightly due in part to the acquisition but also the increased spend on product development for 5min settlements. It's anticipated the EBITDA margin will begin improving with the product release for 5min settlements and the operational improvements being implemented in the UK.

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Balance sheet

$'000	2017	2018	2019	
Cash and cash equivalents	363	728	2,216	
Trade and other receivables	2,867	1,829	4,600	Increased as a result of acquisition
Total Current Assets	**3,457**	**2,733**	**7,290**	
Trade and other receivables	245	324	99	
Plant and equipment	429	524	643	
Software development	4,662	5,065	9,964	Stated separately from intangibles since FY16
Intangible assets	3,454	3,475	5,223	Includes goodwill on acquisitions
Other assets incl deferred tax	642	744	743	Restricted cash – rental guarantees
Total Non-Current Assets	**9,614**	**10,131**	**16,671**	
Total Assets	**13,175**	**12,864**	**23,961**	
Trade and other payables	1,290	1,035	2,485	
Borrowings	505		1,354	Current portion of term facility
Deferred revenue	2,027	2,125	2,916	Includes pre-paid (unearned) income of $1.9M
Provisions & tax payable	837	1,165	1,380	
Total Current Liabilities	**4,658**	**4,325**	**8,135**	
Total Non-Current Liabilities	**2,703**	**1,446**	**6,849**	Included non current portion of term facility $5,132
Total Liabilities	**7,361**	**5,770**	**14,985**	
Net Assets	**5,815**	**7,094**	**8,977**	
Net assets per share (cps)	**29.5**	**35.9**	**42.1**	

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Debt was used to acquire Contigo

- A $7.28M debt facility was used to finance the acquisition
- The business is generating strong free cash flow enabling debt repayment
- By 30 June 2019 debt had been reduced to $6.48 million - less than 1.7x EBITDA
- Cash and equivalents balance at the end of FY19 was $2.2M
- Facility is a three year term loan amortising over five years with a current interest rate of 3.96%

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Cash flows

$'000	2017	2018	2019	
Receipts from customers	5,528	11,399	15,864	
Government grants	751	815	693	Research & Development
Payments to suppliers and employees	(5,480)	(8,981)	(12,978)	Increase due to acquisition
Interest	27	9	30	
Cash provided by operating activities	**826**	**3,188**	**3,440**	
Purchasing plant & equipment	(11)	(155)	(169)	
Purchasing intangibles	(0.1)	(16)	(8)	
Development costs	(983)	(1,020)	(1,606)	
Payments for acquisitions of businesses	(3,868)	(150)	(2,049)	
Loan to Contigo on acquisition			(6,097)	Refund of a parent loan as part of acquisition
Cash acquired on acquisitions	463	-	1,124	
Restrictive term deposits	(0)	(184)	(0)	Rental guarantees
Cash used for investing activities	**(4,397)**	**(1,157)**	**(8,805)**	
Proceeds from borrowings	1,750	-	7,280	Bank loan for acquisition
Repayment of borrowings	-	(1,750)	(795)	
Receipts from share issues	137	152	481	Dividend reinvestment plan (DRP)
Payment of dividends	(182)	(68)	(112)	To shareholders not in the DRP
Cash flows from financing activities	**1,705**	**(1,666)**	**6,854**	
Net increase / (decrease) in cash	(1,865)	365	1,489	
Cash at beginning of year	2,228	366	728	
Cash at end of year	**363**	**728**	**2,216**	

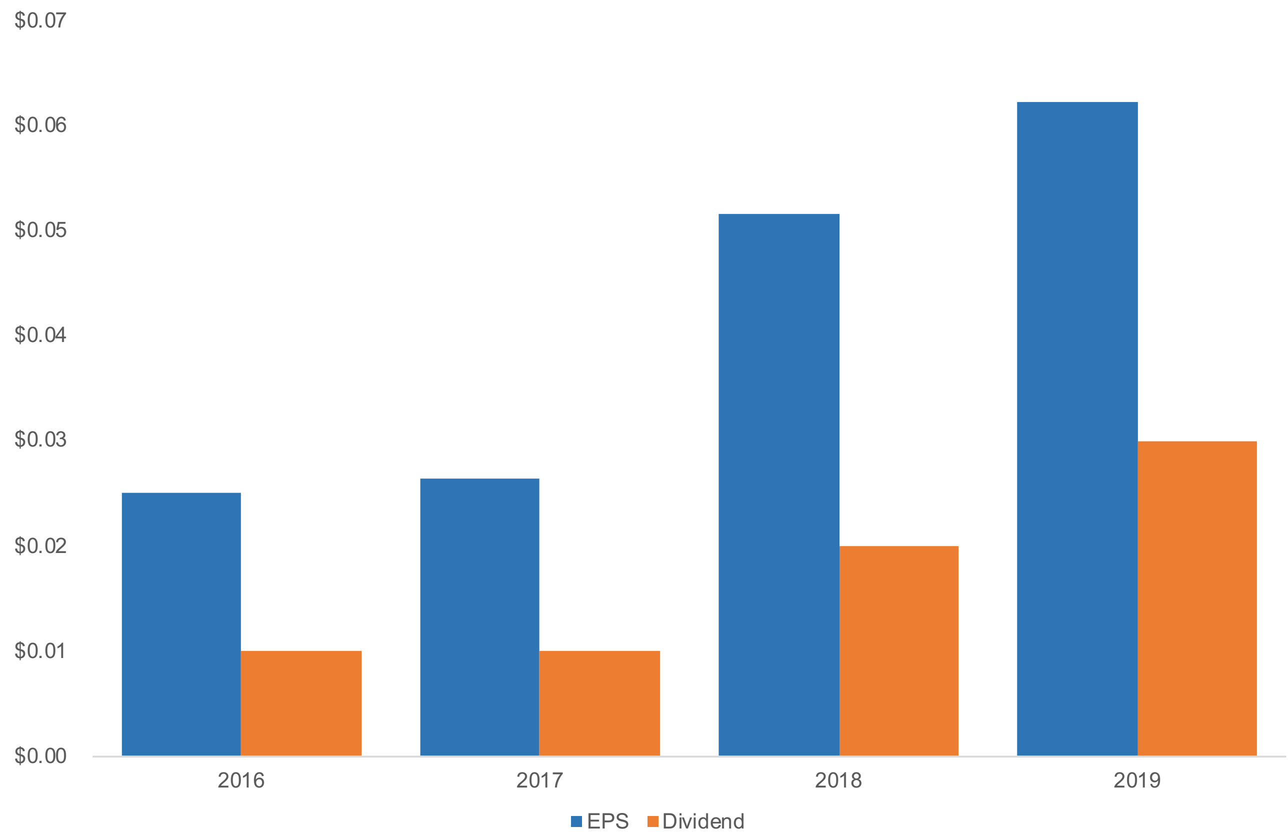
Strong EPS and dividend growth

Directors declared an unfranked dividend of 3.0 cents per share for FY19

The DRP will issue shares at $1.85

The DRP is underwritten to avoid cash leakage from the business and to provide incremental improvements in liquidity of EOL shares

Our dividend policy aims to return 40% of NPAT, to shareholders



Company Outlook

Energy One well positioned for the new five minute market

- Our software is currently being adapted to address new market requirements
- We will begin testing with our customers before the end of the calendar year
- EOL is well ahead of our competitors due to our key capabilities around developing software specifically for the National Electricity Market
- This reform is expected to start a product renewal cycle and EOL expects to implement upgrades and some new installations in the next two years

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First customer using battery bidding

During the year Energy One released a product enhancement that allows battery operators to submit bids into the Australian National Electricity Market

EOL’s software now dispatches almost half the physical electricity in the NEM and manages more than a third of the financial derivatives

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And our software is responsible for scheduling the transport of 40% of the domestic gas in Australia

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This gives Energy One a leading market position in both gas and electricity trading software and strategically positions us for future market developments

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We will continue to execute our long-term strategy growing offshore

Diversification

Invest in new products
- 5min settlement

Cross-sell products
- EOL products to Contigo customers and vice versa

Develop recurring revenue streams
- Enhance Contigo's recurring revenues

Release new products in FY20

Grow customer base

Geographic expansion
- Expand into new European markets

Target the large number of potential smaller European customers

Grow European Business

Grow by acquisition

Acquire complementary products/services
- Look for potential strategic acquisitions that will provide additional synergies

Continue to look for additional acquisitions

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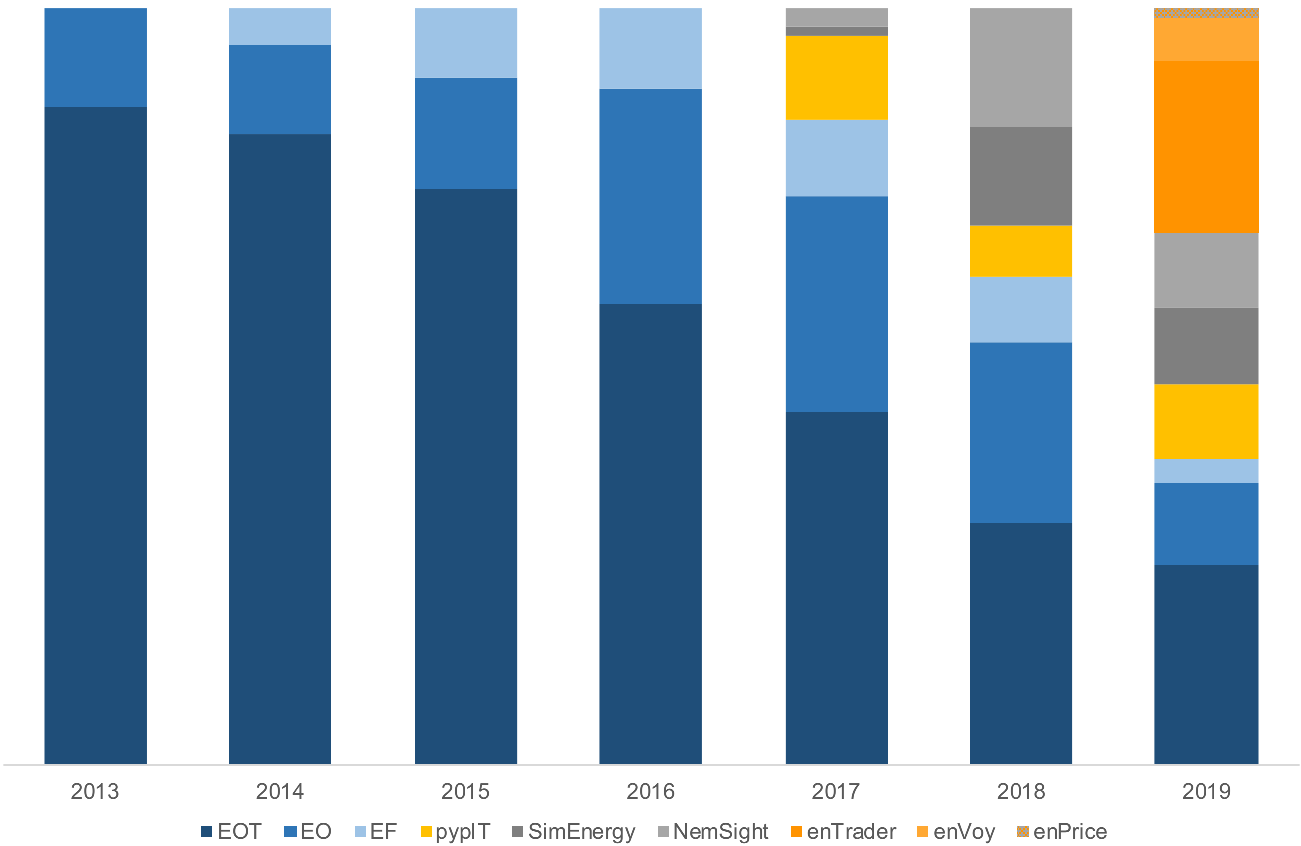
The strategy to diversify revenue by product and geography is creating a robust business

In 2013 EOT was our biggest product with ~$1.5M in sales. This represented almost 90% of total revenue.

In 2019 EOT is still a significant product with ~$4.2M in revenue but importantly now only represents 26% of total revenue



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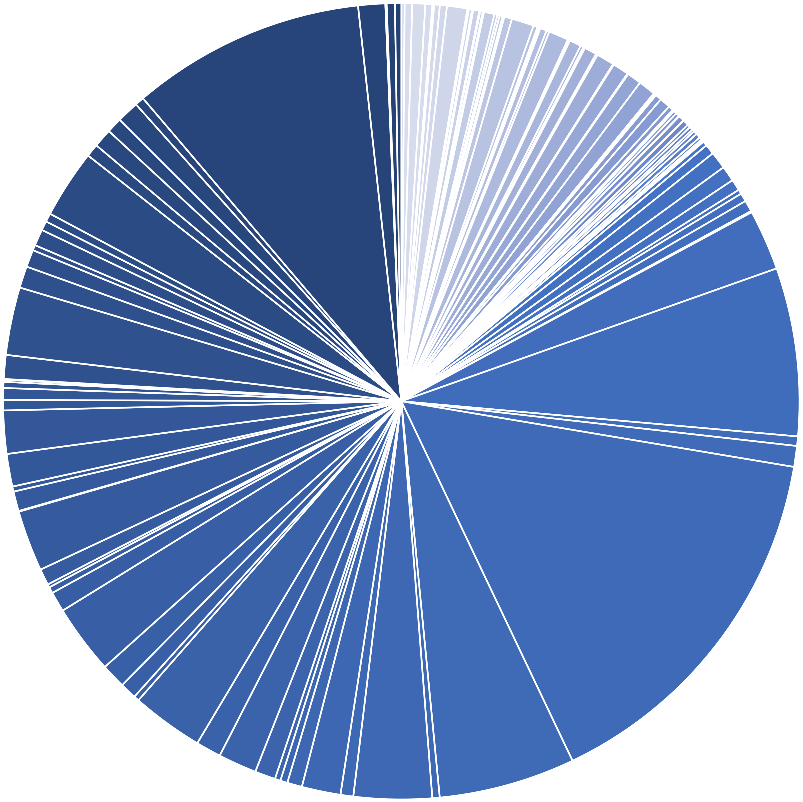
Acquisitions have also helped diversify our customer base

- The combined business now has more than 200 customer installations in 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

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The growing blue chip customer base

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%

Existing customer base

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…and has created a large opportunity

	Tier 1	Tier 2	Tier 3
UK potential customers*	8	40	200
UK customers we have	4	12	13
UK market penetration	**50%**	**33%**	**6%**
European potential customers*	40	250	800
European customers we have	1	8	2
European market penetration	**2%**	**3%**	**<1%**

*Data supplied by a leading EU independent consultant as part of a paid market study

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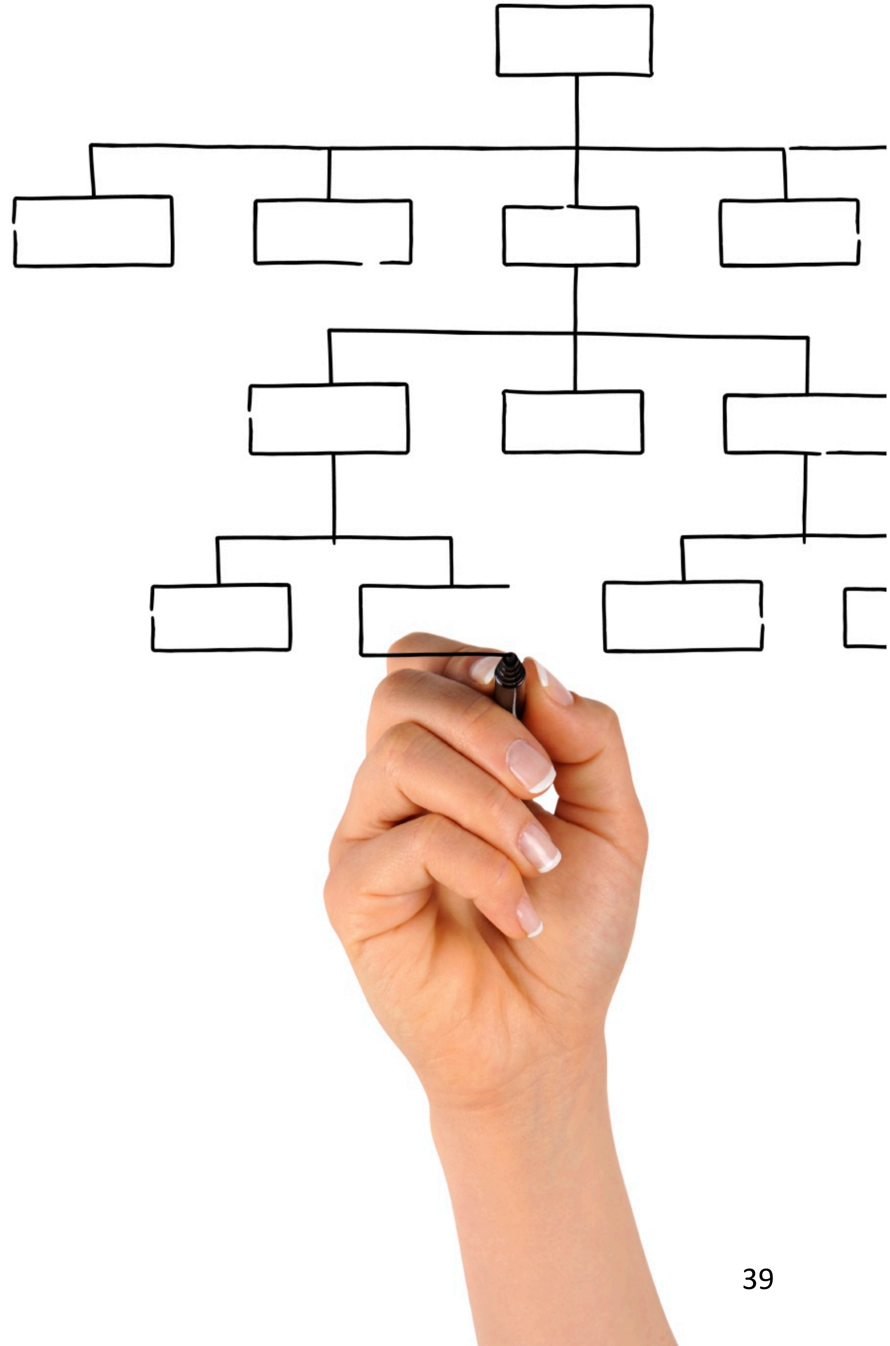
We will continue to seek synergistic acquisitions in both Australia and Europe as part of our diversification strategy

Any investments will be need to be earnings accretive and strategic in nature

Market opportunity in UK/EU is potentially 10x the size of the Australian market



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FY20 will be a year of consolidation

With the move to 5-minute settlements in the National Electricity Market we are investing heavily in product development to facilitate a smooth transition for our customers.

During FY20 this development cost is unlikely to be offset by a corresponding increase in revenue as many market participants are delaying implementation. There are also reports some market participants using other (legacy or competitor) products may not be ready in time and may choose to seek relief from regulators.

FY20 we see as a year of consolidation with FY21 being a more profitable year.

Energy One well placed for growth in FY20 and FY21

- ✓ Solid financial performance for the year past
- ✓ Strong market position & good products
- ✓ Opportunities for domestic sales in FY20 and 21
- ✓ Overseas opportunities to expand reach
- ✓ Further investment in product development
- ✓ Increased international marketing
- ✓ Market tailwinds (e.g 5 Minute market in 2021)

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Appendix
Additional information

The benefits of geographic, product and customer diversity

Some software vendors selling to U.K. energy retailers have recently reported an increase in bad debts arising from corporate failures.

Our customer base is diversified, both geographically, Europe, Australia as well as UK but also by ‘verticals’.

This means not just energy retailers but also generators, aggregators, renewable energy producers, energy traders, gas producers and pipeline companies.

We also have more affordable products designed specifically for new entrant retailers.

During FY 19 EOL lost 2 small new entrant retailers in the UK but the impact was immaterial to our financial results.

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