

# 2019 ANNUAL GENERAL MEETING

27/11/2019

# AGENDA

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## 1. CHAIR WELCOME

- Introduction of Board Members and Welcome

## 2. CHIEF EXECUTIVE OFFICER'S ADDRESS

- Business Overview
- FY19 Financial Results
- FY20 Priorities
- Trading Update
- Operational Update

## 3. FORMAL BUSINESS

## 4. RESOLUTIONS





EnergyAction

**“Our vision for a premium ‘A’ grade energy efficient site at One Canberra, is made easier through the OptEEmise service which provides practical solutions that have secured savings for our site.”**

*Anthony De Salis, Property Operations Manager,  
Willemsen Group*

# **CHIEF EXECUTIVE OFFICER’S ADDRESS**

**MR JOHN HUGGART, CHIEF EXECUTIVE OFFICER**





EnergyAction

# FY19 FINANCIAL RESULTS

**“Excellent execution of the reverse auction – an innovative, flexible and fast procurement process and we felt well supported by our Account Manager.”**

*Peter Wearne, General Manager – Facilities  
Melbourne Cricket Club*

# FY19 FULL YEAR RESULTS

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|  |        |  |
|--|--------|--|
| Operating profit of \$1.01 million               | -----> | Down 69% vs FY18                                       |
| Operating EBITDA of \$2.54 million               | -----> | EBITDA Margin at 10.2%                                 |
| Operating cash flow \$3.9 million                | -----> | Operating EBITDA conversion to cash > 100%             |
| Statutory profit of -\$12.09 million             | -----> | \$13.1M of significant items (majority non cash items) |
| Operating Costs reduced by 12%                   | -----> | Reduced \$2.4M with operational efficiencies           |
| Investment of \$1.7 million in digital platforms | -----> | Continued investment with no final dividend            |
| Secured over 1,000 new sites under management    | -----> | Won multi-year contract for retail billing services    |
| Embedded Networks growth                         | -----> | Growth of 999 tenancies                                |



# FY20 PRIORITIES, TRADING & PERFORMANCE UPDATE



**D'Orsogna's annual savings will be greater than \$200,000 with 1.5 GWh generated on site and carbon emissions equivalent to planting more than 31 million seedlings!**

*Provided from our trusted partners,  
Cherry Energy Solutions*



# OUR TOP PRIORITIES FOR FY20

## *BUSINESS STRATEGY & PROSPECTS FOR FUTURE FINANCIAL YEARS*

“Priority to leverage the value and efficiencies from systems investment, and improving focus on core business, with a plan to increase the future contracted revenue.”

| “Key Priorities: Foundations for Growth” |  |
|--|--|
| Sales Growth                             | Continuing with sales and customer management programs to lift retention rates and acquisition across all customer segments. Launch new products to key customer segments, including expansion of progressive purchasing clients and environmental reporting |
| Capability                               | Continue to develop the scalable platform to capture additional efficiencies and eliminate remaining legacy systems  |
|  | Continued improvements in Metrics platform for customers to meet existing and emerging customer demand and develop energy insights underpinned by data management and analysis   |
|  | Enhanced capability to assist small market customers   |
| Service                                  | Improve customer interactions and delivery to achieve improved retention and net promoter outcomes   |
| Profit                                   | Maintain disciplined performance management and cost control, lift the value of forward revenue, leverage the efficiencies of the newly built core systems and ensure Advisory business achieves commercial outcomes   |
| Engagement                               | Building and maintaining a high performance culture  |

# TRADING UPDATE

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- Unaudited operating loss is \$265,249 for the period ending 31 October 2019, however expect to deliver full year trading performance in line with full year result (FY19)
- The expected first half operating loss is driven by:
  - Continued impact of poor prior year customer retention and slower than anticipated new customer acquisition; and
  - Costs associated with rebuilding the sales and service teams and delays in replacing the Core Customer and Contract Management platform, known as the Business Transformation Project (BTP).
- Initiatives implemented:
  - The transition to a new sales and service model;
  - Investment into enhancing platform-based capabilities; and
  - The cessation of loss-making activities in the former Project and Advisory Services business.
- Significant operational improvements expected to positively contribute to the full year financial performance. This is supported by enhanced customer retention rates, a growing acquisition pipeline, and client recognition of improved service quality.
- Debt Covenants :
  - Likely breach of the debt covenants under bank facility as at 31 Dec 2019
  - Working proactively with the bank, including discussing a potential waiver
  - \$5.4 million of future collectable revenue, for which services already delivered
  - Expected to be within covenants as at 30 June 2020
  - Reducing facility limit from \$9 million to \$7 million to further decrease the associated bank costs



# YTD HEADWINDS

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- **BTP**
  - Delay in delivery
  - Overspend in capital
  - Demands on BAU
  - Benefits are deferred
- **Revenues** - Lower due to prior poor retention
- **Acquisitions** - Lower than forecast



# STRONG PROGRESS ON THE FUNDAMENTALS

JULY – OCTOBER 2019

- Gross sales for auction and metrics YTD are 12% up on pcp due to higher average value of auctions and improved cross selling of metrics
- Net sales value for auction and metrics YTD are 58% up on pcp due to lower cancellations
- Retention rates are on target, however possible retentions for customers with contracts expiring in this half are 36% less than pcp
- Auctions undertaken YTD 14% down on pcp despite improved retention rates
- Significantly lower cancellations of long dated agreements resulting in improved quality of revenue
- Best client NPS for 4 years with improved service delivery in core business
- Best employee engagement in 4 years with low staff turnover

*pcp = Prior Corresponding Period*



# DECISIVE ACTION TO RETURN TO PROFITABILITY

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ACTIONS COMMENCED IN  
NOVEMBER

- Redundancies of a number of non-sales or service delivery roles
- Headcount freeze with exception for select sales and delivery roles
- Tighter spending controls on travel and discretionary areas plus leave liability management
- Prioritise training spend investment in sales capability
- Directors fees maintained at lower levels
- Reducing bank loan facility from \$9 Million to \$7 Million will reducing cost on line fees

# ENERGY METRICS

*SIGNIFICANT REDESIGN OF THE ENERGY METRICS PLATFORM IS IMPROVING CLIENT VALUE AND RETENTION*



- **Deliver better user experience** - substantial improvements to both back-end functionality and interface
- **Better service for multi-site clients** - launched Energy Metrics SME to capture smaller sites within one portfolio view and enhanced data housing and aggregation capability
- **Improved scalability** - expanded capability to accommodate more users making it simpler for clients with multiple team members

*“This {service} provides valuable information giving you greater insight and ability to analyse usage and potential savings” –  
Godfreys, VIC*



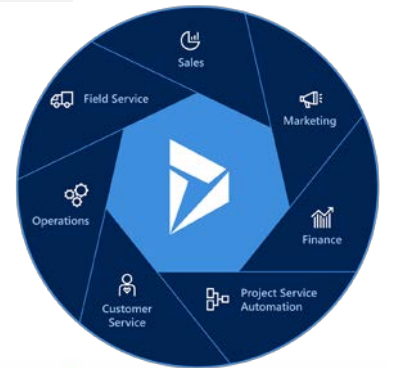
# BUSINESS TRANSFORMATION PROJECT

Whilst delayed, this Multi-year transformation of the core Customer and Contract Management platform will underpin scale and growth

- **Intelligent data automation** – intelligent automation retailer and metering data
- **Operational efficiencies** – workflow automation of operational processes
- **Scalable architecture** – introduction of new multi-currency, multi tenancy, products and services
- **Self-serve** – allowing customers to access our services online



- ▶ 3500 pages of documentation
- ▶ 110 custom entities ▶ 3250 data fields ▶ 150 forms ▶ 400 data views
- ▶ 400 workflows ▶ 1200 workflow steps
- ▶ 4 system integrations
- ▶ 62 data migration scripts ▶ 10,000,000+ rows of data



Plan to implement in quiet period of January to avoid peak end of year activity

# OUR TOP PRIORITIES FOR FY20

*WHILST CORRECTIVE ACTION HAS BEEN TAKEN, OUR PRIORITIES REMAIN*

**“Priority to leverage the value and efficiencies from systems investment, and improving focus on core business, with a plan to increase the future contracted revenue.”**

| “Key Priorities: Foundations for Growth” |  |
|--|--|
| Sales Growth                             | Continuing with sales and customer management programs to lift retention rates and acquisition across all customer segments. Launch new products to key customer segments, including expansion of progressive purchasing clients and environmental reporting |
| Capability                               | Continue to develop the scalable platform to capture additional efficiencies and eliminate remaining legacy systems  |
|  | Continued improvements in Metrics platform for customers to meet existing and emerging customer demand and develop energy insights underpinned by data management and analysis   |
|  | Enhanced capability to assist small market customers   |
| Service                                  | Improve customer interactions and delivery to achieve improved retention and net promoter outcomes   |
| Profit                                   | Maintain disciplined performance management and cost control, lift the value of forward revenue, leverage the efficiencies of the newly built core systems and ensure Advisory business achieves commercial outcomes   |
| Engagement                               | Building and maintaining a high performance culture  |



# GETTING IN TOUCH

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**John Huggart**  
**Chief Executive Officer**  
(02) 9633 6476  
[john.huggart@energyaction.com.au](mailto:john.huggart@energyaction.com.au)

**Tracy Bucciarelli**  
**Chief Financial Officer**  
(02) 9633 6407  
[tracy.bucciarelli@energyaction.com.au](mailto:tracy.bucciarelli@energyaction.com.au)

**in** [www.linkedin.com/company/energy-action](https://www.linkedin.com/company/energy-action)

✉ [info@energyaction.com.au](mailto:info@energyaction.com.au)

🌐 [www.energyaction.com.au](http://www.energyaction.com.au)

☎ 1300 553 551



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# FORMAL BUSINESS

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MR MURRAY BLEACH, CHAIRMAN



# PROCEDURAL MATTERS

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- If there are any Shareholders who are eligible to vote who have not received their yellow voting card, please see a representative from Link Market Services at the registration desk.
- Shareholders holding a red card are not eligible to vote but can speak at the meeting.
- Visitors holding a blue card are not eligible to vote or speak at the meeting.
- Copies of the Notice of Meeting and Annual Report are available from the front desk.

# GENERAL BUSINESS

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## FORMAL RESOLUTIONS

- First Item of business: Consideration of the annual report, financial report, Directors report and Auditors report for the financial year ended 30 June 2019.
- No questions for Ernst & Young were received prior to the meeting.
- Representatives from our audit review partner, Ernst & Young are in attendance and will answer any questions relating to the conduct of the 30 June 2019 audit, the preparation of the financial statements, and the independence of the auditor.







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# RESOLUTIONS

MR MURRAY BLEACH, CHAIRMAN

# RESOLUTION 1

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## ADOPTION OF REMUNERATION REPORT

That the Company's Remuneration Report for the financial year ended 30 June 2019, as set out in the Directors' Report, is adopted.



# RESOLUTION 1

## PROXIES

|                             | For       | Against | Open    | Abstain   |
|-----------------------------|-----------|---------|---------|-----------|
| No. of Shares               | 8,482,224 | 10,102  | 888,037 | 4,805,436 |
| % of Total Directed Proxies | 90.43%    | 0.11%   | 9.47%   |           |

# RESOLUTION 2

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## RE-ELECTION OF DIRECTOR MR PAUL MEEHAN

That Mr Paul Meehan, a Director of Energy Action Limited who retires in accordance with clause 46.1 of the Constitution, and being eligible for re-election, is re-elected as a Director of Energy Action Limited.



# RESOLUTION 2

## PROXIES

|                             | For        | Against | Open    | Abstain |
|-----------------------------|------------|---------|---------|---------|
| No. of Shares               | 13,283,517 | 12,000  | 888,037 | 2,245   |
| % of Total Directed Proxies | 93.65%     | 0.08%   | 6.26%   |         |

# RESOLUTION 3

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## AMENDMENT TO CONSTITUTION

That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, the Constitution of the Company be amended in the manner described in the Explanatory Memorandum accompanying this Notice of Meeting, with effect from the close of the meeting.



# RESOLUTION 3

## PROXIES

|                             | For        | Against | Open    | Abstain |
|-----------------------------|------------|---------|---------|---------|
| No. of Shares               | 13,278,315 | 9,102   | 888,037 | 10,345  |
| % of Total Directed Proxies | 93.67%     | 0.06%   | 6.26%   |         |

# RESOLUTION 4

## CHANGE OF AUDITOR

Provided that the Australian Securities and Investments Commission provides its consent for the current auditor to resign as auditor of the Company as at the date of the AGM, that, for the purposes of section 327B(1)(b) of the Corporations Act 2001 and for all other purposes, RSM Australia Partners, having been nominated by a shareholder and consented in writing to act in the capacity of auditor, be appointed as the auditor of the Company and that the Directors be authorised to fix the remuneration of the auditor.



# RESOLUTION 4

## PROXIES

|                             | For        | Against | Open    | Abstain |
|-----------------------------|------------|---------|---------|---------|
| No. of Shares               | 13,278,417 | 12,000  | 893,037 | 2,345   |
| % of Total Directed Proxies | 93.62%     | 0.08%   | 6.30%   |         |

# RESOLUTION 5

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## APPROVAL OF ISSUE OF SECURITIES UNDER THE EQUITY INCENTIVE PLAN – EXCEPTION TO LISTING RULE 7.1

That, for the purposes of ASX Listing Rule 7.2, Exception 9 and all other purposes, the issue of performance rights, options and restricted securities under the Energy Action Limited Performance Rights and Option Plan (and the issue of the underlying securities that are the subject to those performance rights and options), as described in the Explanatory Memorandum accompanying and forming part of this Notice of Meeting be approved.

# RESOLUTION 5

## PROXIES

|                             | For        | Against | Open    | Abstain |
|-----------------------------|------------|---------|---------|---------|
| No. of Shares               | 13,271,315 | 25,102  | 888,037 | 1,345   |
| % of Total Directed Proxies | 93.56%     | 0.18%   | 6.26%   |         |



# DISCLAIMER

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This presentation has been prepared by Energy Action Limited ABN: 90 137 363 636.

This presentation is not intended as an offer or solicitation with respect to the purchase or sale of any security nor does it constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorised or to whom it is unlawful to make such solicitation or offer.

Any investment decision with respect to any transaction involving Energy Action Limited should be made based Solely upon any offering documents, if applicable, and appropriate due diligence by the prospective investor.

We believe the information provided herein is reliable, as of the date hereof, but do not warrant its accuracy or completeness. In preparing these materials, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources.

Past performance is not a reliable indicator of future performance. This presentation may include forward-looking statements that represent opinions, estimates and projections, which may not be realised. Forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of Energy Action Limited. Actual results may vary from any forecasts and any variation may be materially positive or negative. This presentation includes forward-looking statements that represent opinions, estimates and projections, which may not be realised. We believe the information provided herein is reliable, as of the date hereof, but do not warrant its accuracy or completeness. In preparing these materials, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources.

All information contained herein is current as at 30 June 2019 unless otherwise stated.