

19 February 2021

**Energy One Limited (ASX : EOL)**

**First half results briefing and information session**

**2PM – 3PM (AEDT) 19<sup>th</sup> February 2021**

The Company has prepared the attached presentation for the half year results briefing and information session at 2pm today.

We will be using Microsoft Teams. The call will involve use of a power point presentation and investors can ask questions.

**To attend:**

1. **By phone** (landline or mobile) – note this will be voice only (no presentation)

[+61 2 8318 0158](tel:+61283180158) Australia, Sydney  
Phone Conference ID: 554 681 370#

2. **Via Microsoft Teams**

- (a) Copy and paste this link into your browser

[tinyurl.com/149y51um](https://tinyurl.com/149y51um)

- (b) With Microsoft Teams, there are 3 ways to join the meeting:

- Via your browser only (easiest)
- Via loading the plug-in (takes 1-2 minutes) but provides a better experience
- Via your MS Teams onboard application

Please try and get online a few minutes beforehand so that the technology is operational.

If there are any questions or technology issues, please contact us.

**Richard Standen - Chief Financial Officer / Company Secretary**

# Energy One Limited (ASX:EOL)

## First half results FY21



**energy one**

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# Financial Results

# Financial results summary

	31 Dec 20	31 Dec 19	Change
Revenue	\$14,009,000	\$9,662,000	 45%
EBITDA*	\$4,169,000	\$2,342,000	 78%
EBITDA margin	30%	24%	 25%
NPBT	\$2,680,000	\$765,000	 250%
NPAT	\$2,026,000	\$407,000	 398%
EPS basic (cents)	7.75	1.78	 341%

\* Before acquisition and related costs

# A strong first half with good organic growth and margin expansion

EBITDA increased 78% to \$4.2M driven by:

- A full 6 months contribution from eZ-nergy
- EBITDA margin expanded from 24% to 30%
- Organic growth in the Australian and European businesses

NPAT for the half increased 398% to \$2M driven by:

- Strong operating results
- Synergies and economies of scale being realized
- Lower acquisition costs than the previous period

Given the strong project work booked during the first half we expect the second half to be slightly reduced. Customers are now at go-live.

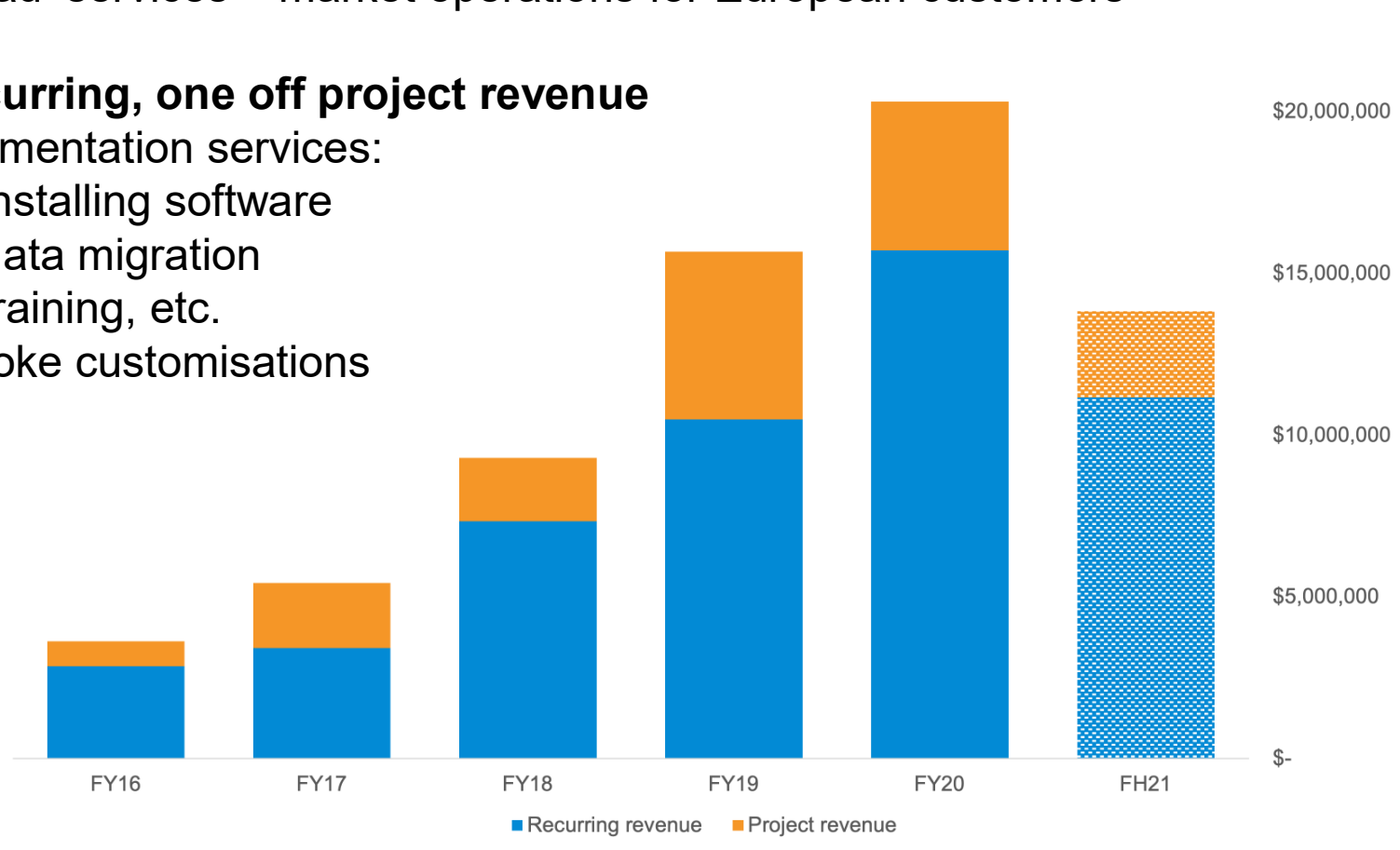
# Recurring revenue growing strongly

## Recurring revenue now around 80% of total revenue

- Licences, support and hosting fees (usually annual renewal)
- 'Bureau' services – market operations for European customers

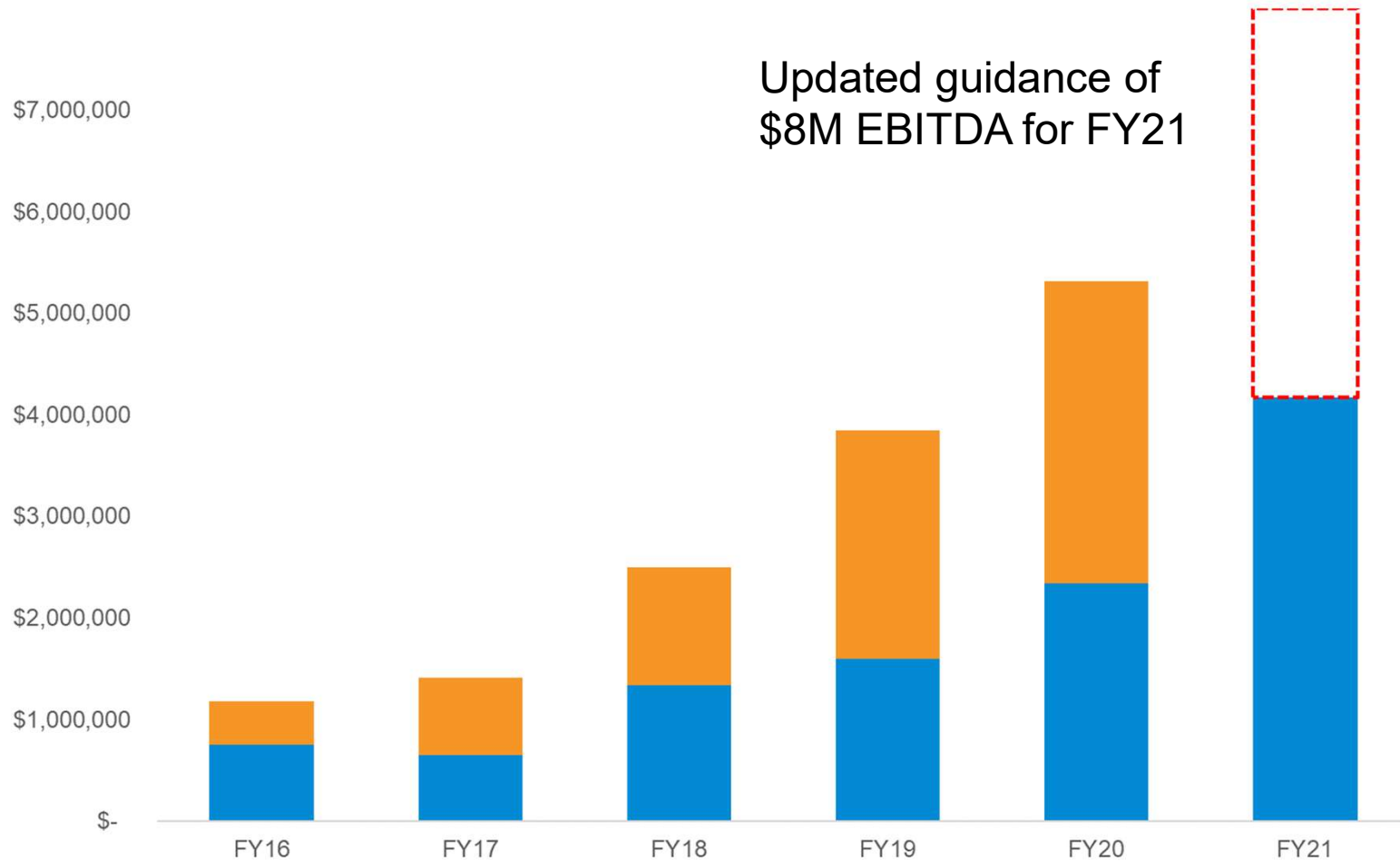
## Non-recurring, one off project revenue

- Implementation services:
  - installing software
  - data migration
  - training, etc.
- Bespoke customisations





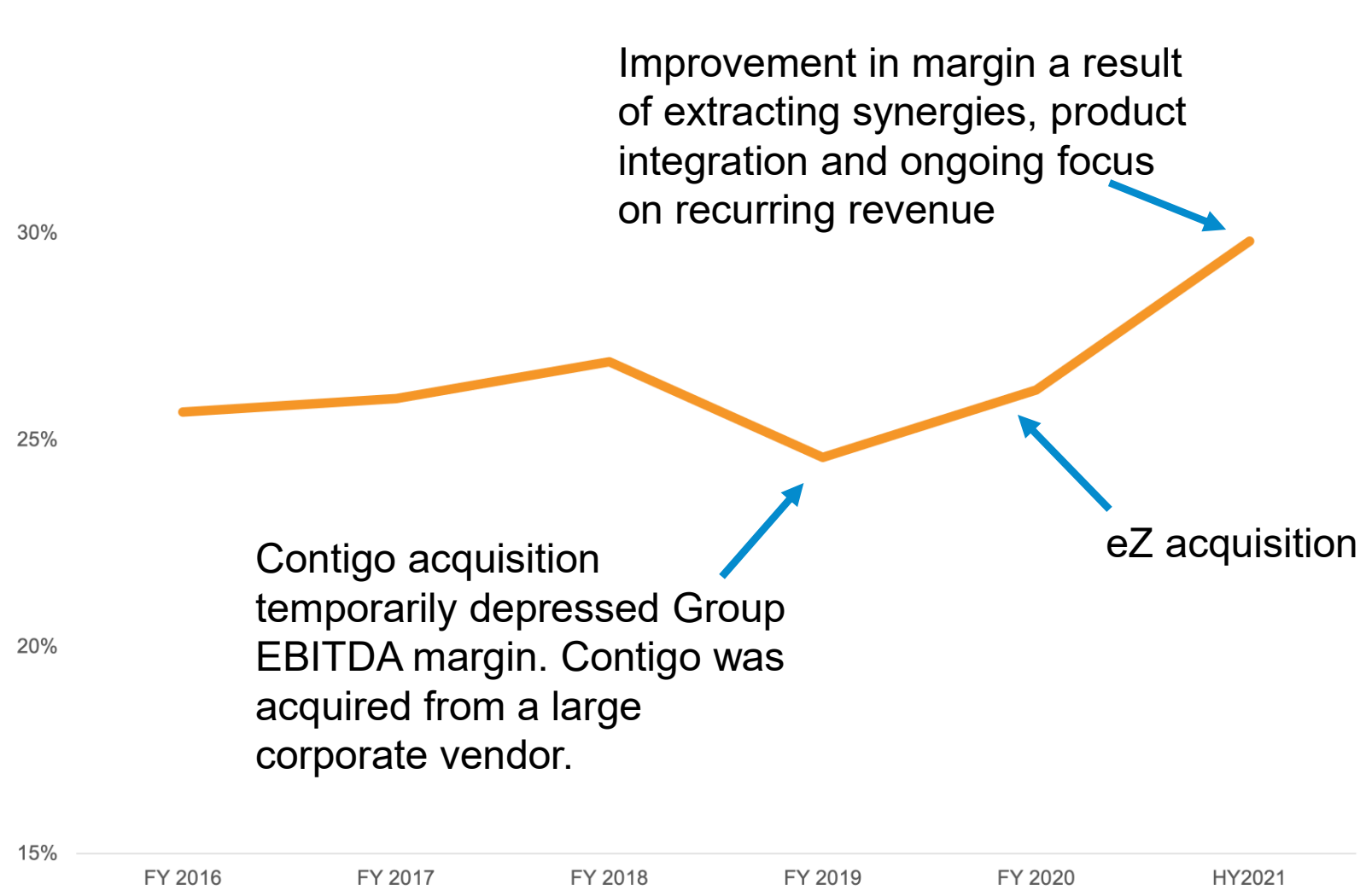
# It wasn't just revenue growth, EBITDA also grew strongly



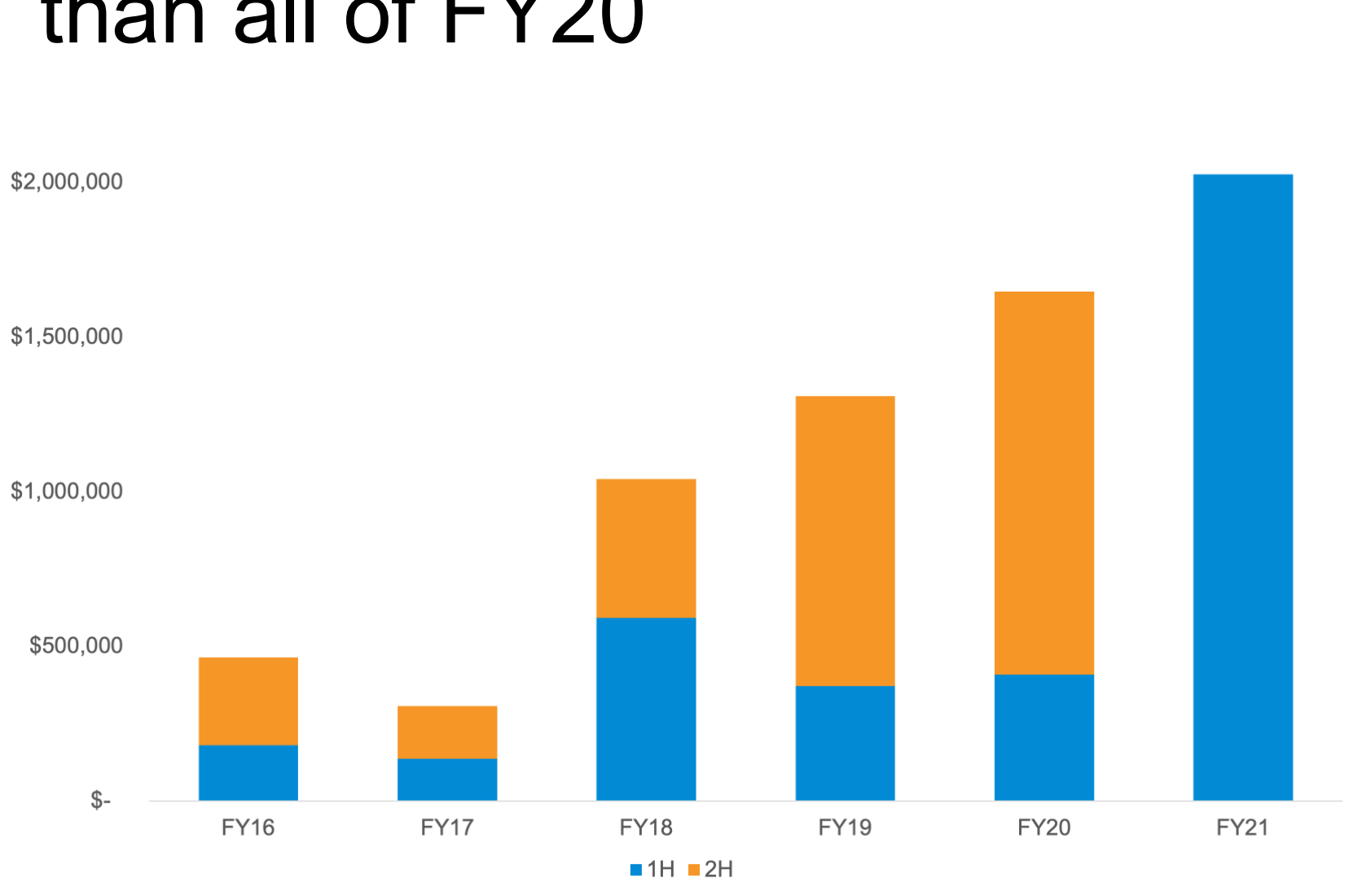
\*EBITDA is before acquisition and related costs

■ 1H ■ 2H

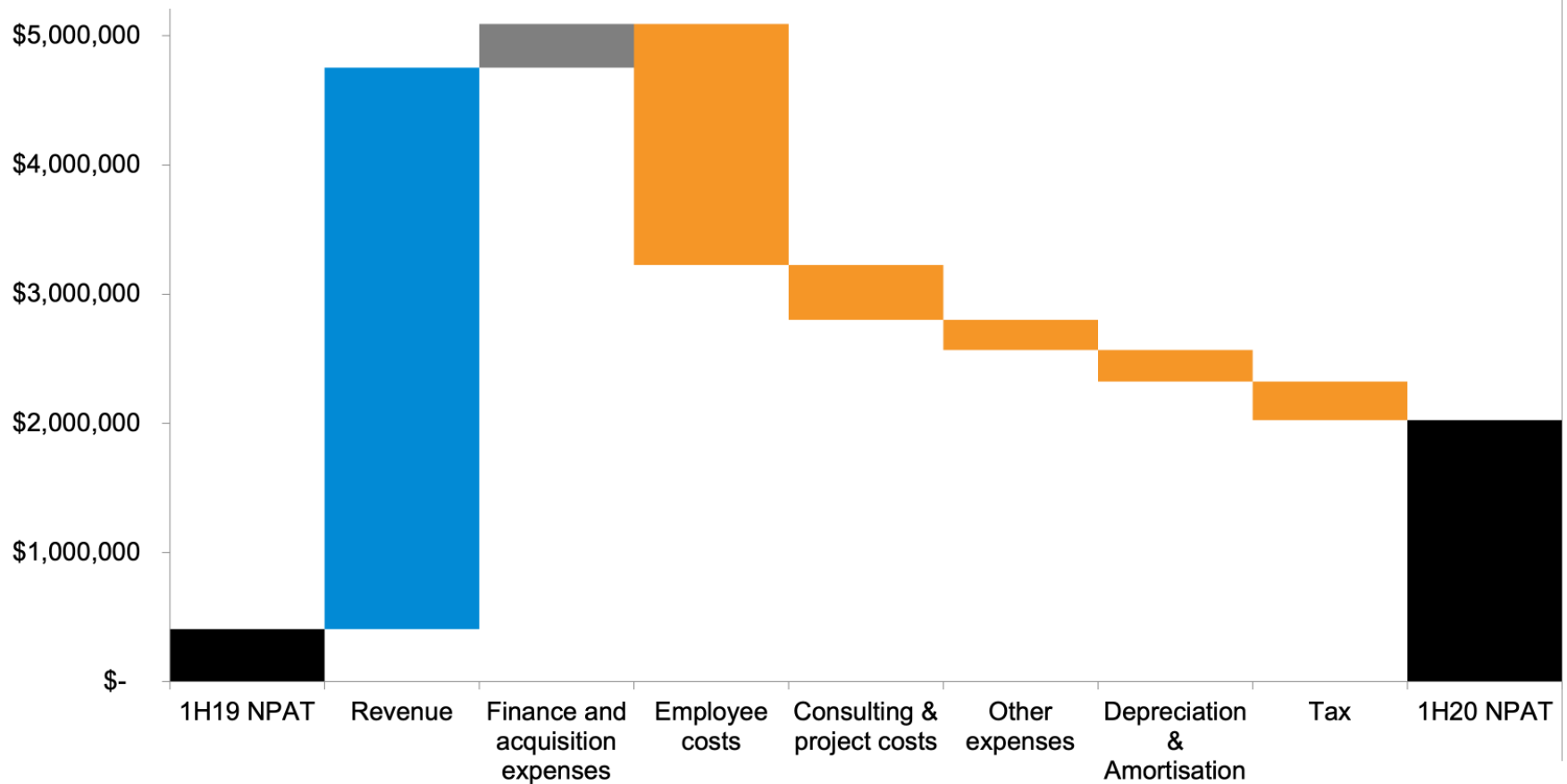
# ...EBITDA margin increased to 30%



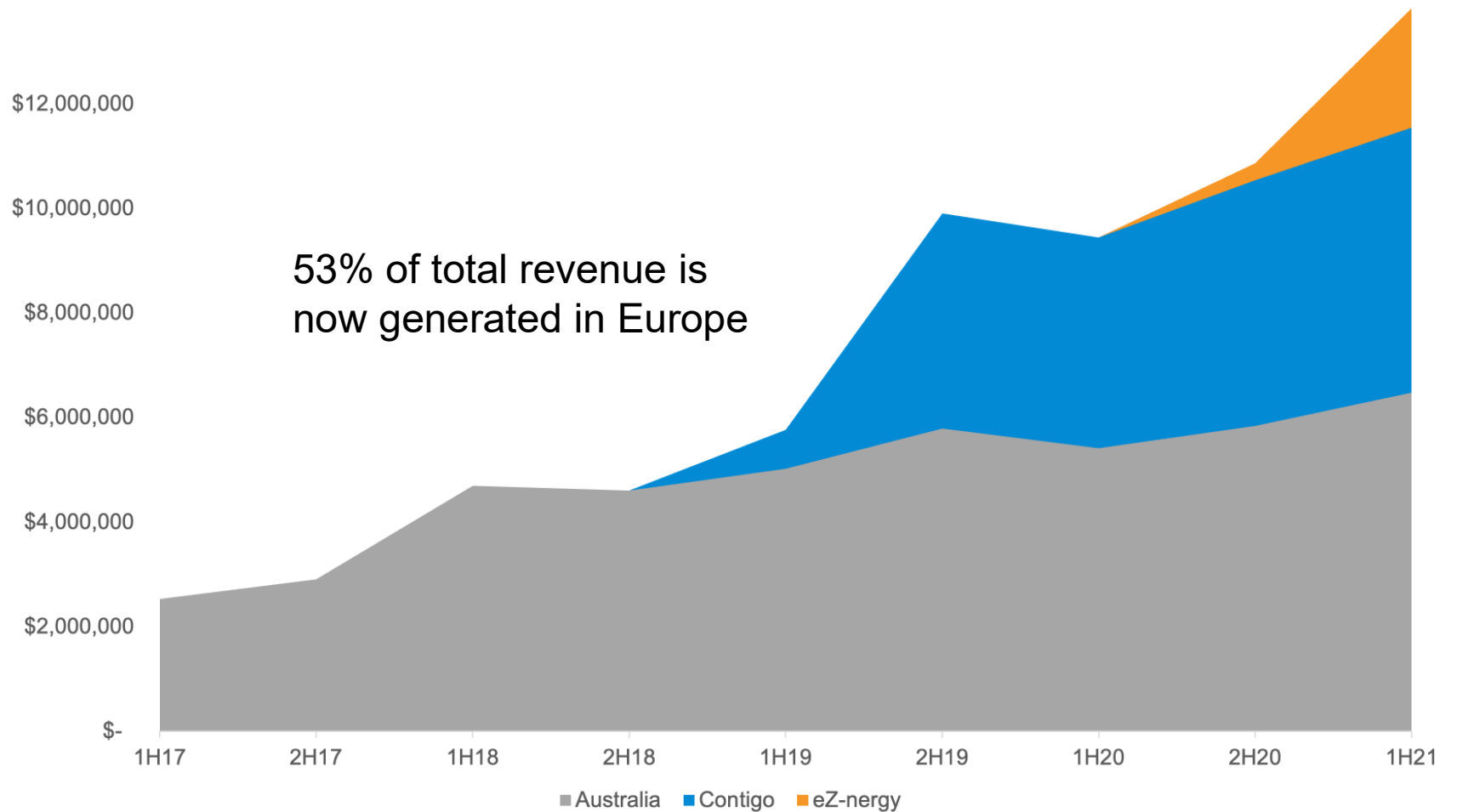
# NPAT for the first half was more than all of FY20



# NPAT driven by strong operating results and economies of scale



# Revenue growth has been both organic and from acquisitions



# Strong organic growth in Australia

- Revenue for the first half of \$6.62M, up 17.7% on the pcp
- EBITDA of \$1.99M was up 37% on the pcp
- We added new customers and completed two large projects
- Remained fully operational throughout Covid-19 year and had no need for any Job Keeper subsidy
- Software is ready for the 5MS changes to market

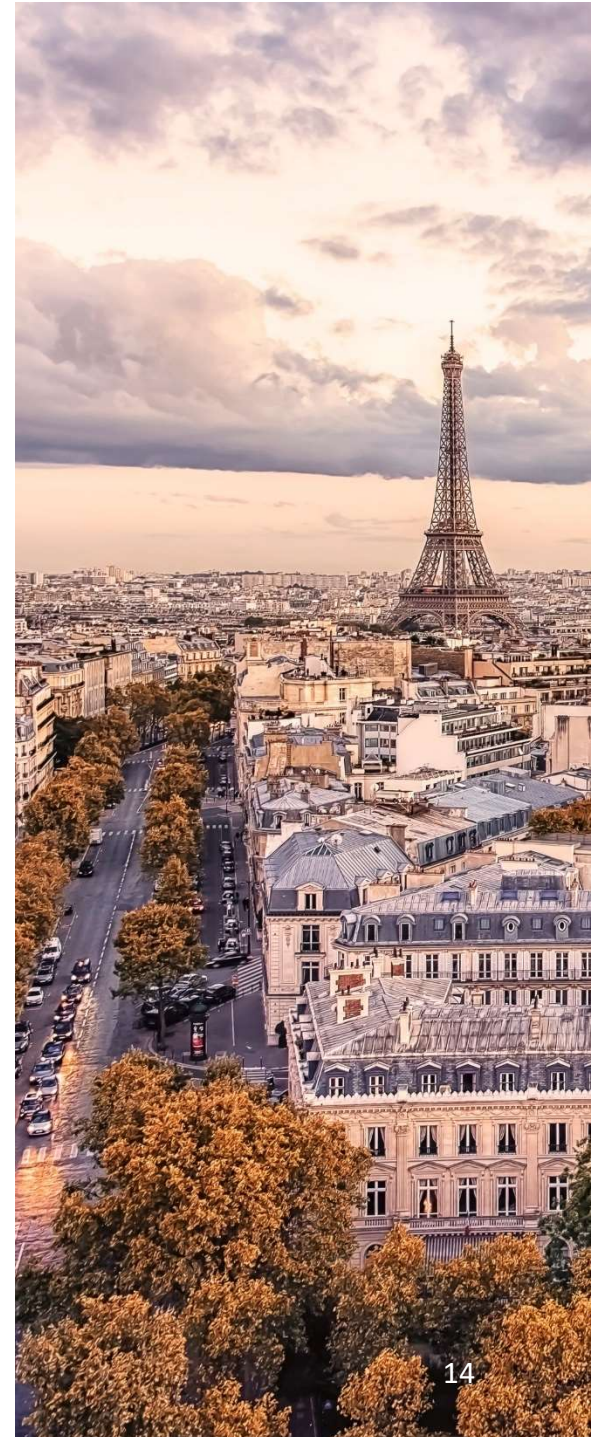
# While Europe is exceeding expectations

20 new clients in calendar 2020: 14 in the E.U. and 6 in the U.K.

European revenue growth was up 83% over pcp, given the full half contribution from eZ. However, this conceals some good organic growth by Contigo.

- Contigo's revenue growth was up 26% on pcp
- EBITDA of \$1.12M was up 26% on the pcp
- When acquired in 2018 Contigo's EBITDA margin was less than 20%, today it's more than 22%
- Contigo's recurring revenue increased 18% on pcp

eZ-nergy contributed its first full half (acquisition was in June 20), producing EBITDA of \$0.89M from revenues of \$2.29M. This exceeds our expectations at the time of acquisition.



# Company Outlook





# Europe is a new growth engine

- We have a strong market share in Australia, Europe gives us another area for strong growth
- 53% of group revenue is now being generated in Europe
- Further synergies available via product and solution integration
- EOL still has less than 5% European market share
- Focus is on integrating eZ-nergy
- Scope exists for another complementary European acquisition
- US expansion being considered in the next 2-3 years should the right opportunity arise



# EOL's suite of software tools are used by customers to manage their exposure to risk and volatility



Our software is used to trade and manage both physical energy and derivative contracts either bilaterally (B2B) or on public exchanges.

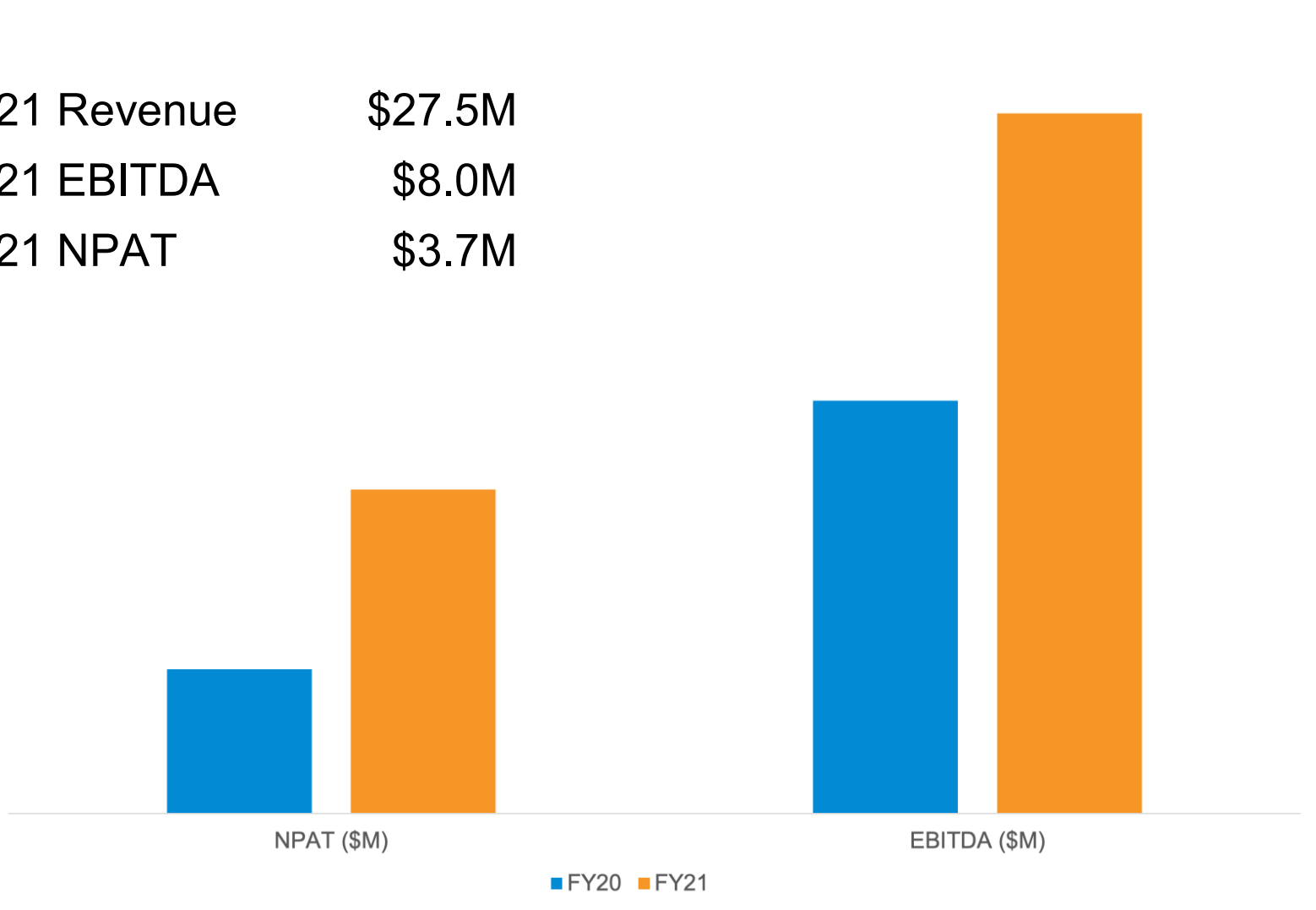
# Sticky customer base...

SaaS Metric	FY 19	FY 20	Half-year FY21
Average LTV per customer	\$1,449,506	\$1,666,245	\$3,465,261
LTV/CAC	11.7	14.8	46.3
Customer-installs	143	205	216
Typical contract length	1-5 year initial term, then annual renewals		
Churn	3.8%	4.1%	2.5%
Gross margin	60%	59%	61%

- Churn much lower in the first half (e.g. AU lost only 1 customer, market exit)
- LTV/CAC improved also by lower CAC (customer wins in H1).
- GM% arises from basket of recurring and non-recurring revenue
- Energy One looks to sell more than one product from the range to customers. We currently average 1.2 products per customer with 4 products the highest.

# Full year guidance

FY21 Revenue        \$27.5M  
FY21 EBITDA        \$8.0M  
FY21 NPAT         \$3.7M





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# Appendix

## Additional information



# Energy One a profitable SaaS & Services company

energyone

- Energy One Limited (ASX:EOL) is a leading independent global supplier of Energy Trading and Risk Management (ETRM) software systems.
- We offer SaaS-based solutions for the trading of energy derivatives and the scheduling of physical energy (including electricity, gas, liquid commodities and environmental and carbon trading).
- EOL has offices in Australia, UK and France, with 200+ customer installations in 19 countries, many with blue-chip international utility and infrastructure companies.
- With a market share approaching 50% in Australia, 15% in the UK and less than 5% in Europe, there is a long runway for growth.
- EOL has a strong track record of year-on-year growth in revenue and earnings.

# Supplying large blue chip companies in essential industries

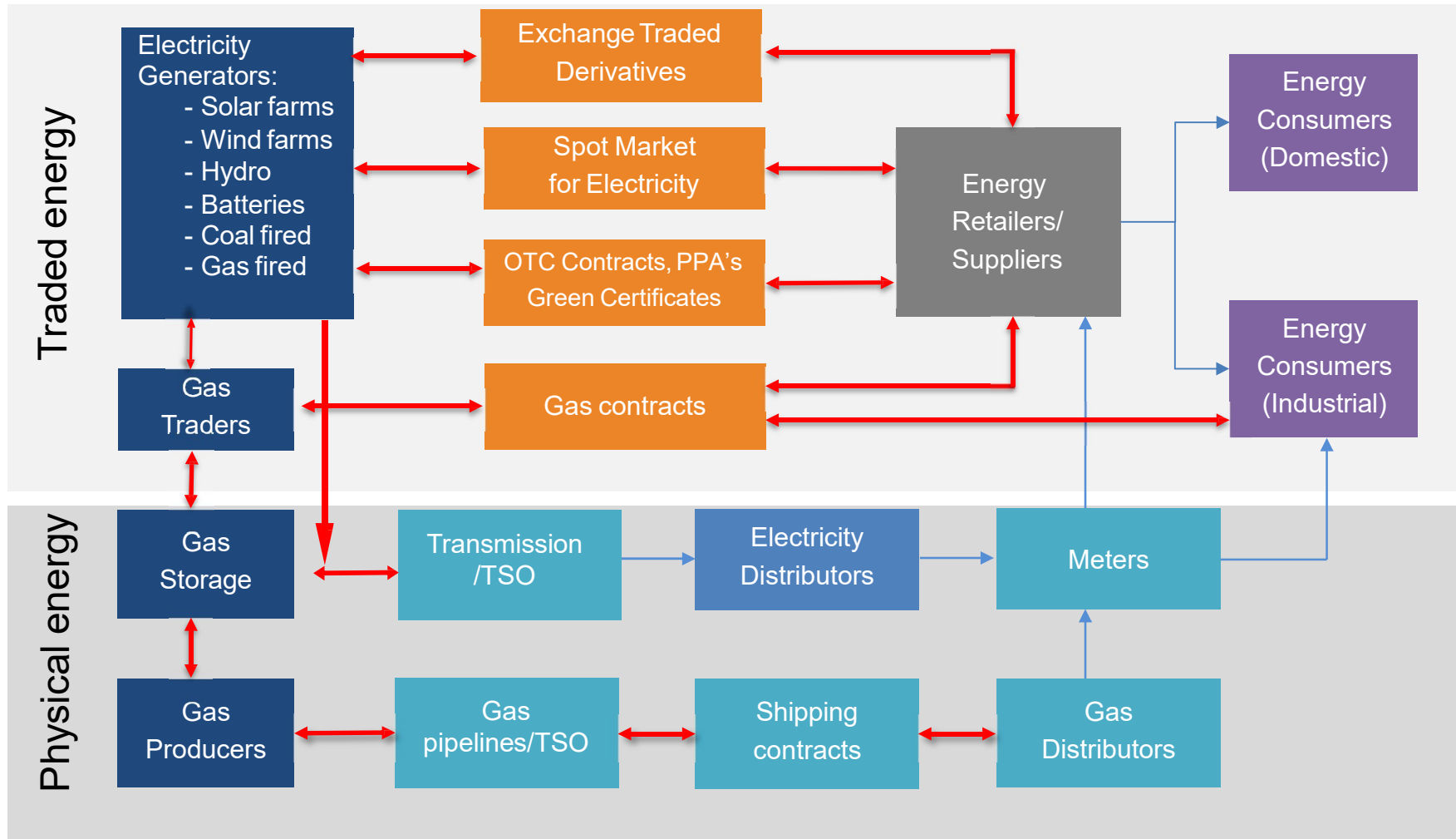
energyone

Our customers are often large:

- Utilities – such as power stations and vertically integrated retailers
- Infrastructure providers – such as gas pipelines, electricity transmission
- Include new generation sources (such as wind and solar)
- Our customers supply an essential service, namely gas and electricity
- The software we supply is mission-critical to these enterprises
- Offices in Australia, UK and Europe (Brexit-proofed set-up)



# Many energy market participants use EOL software



# 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 or 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 an 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	EOL group 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/Suppliers	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/TSOs	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	✓

# Project revenue creates a very *sticky* SaaS customer base

- Compared to other SaaS vendors Energy One has a larger proportion of project revenue ~20%. While this lowers overall gross margin, we consider it a positive...
- Large blue-chip customers consider ETRM software mission critical so installing new enterprise style ETRM software involves large, sophisticated projects. These implementation projects ensure the smooth ongoing day to day (24/7) operations are not interrupted.
- Project revenue is created at the time of implementation and ensures:
  - Historic data is mapped and transferred accurately
  - Valuation models are performing as expected
  - Market interfaces work seamlessly
  - Bespoke features required by customers are created and tested
- We also work closely with participants, stakeholders and regulators in each market to ensure our product roadmap continues to add value and relevance to our product suite
- All this creates a very stable customer base

# Strategic landscape dominated by CTRM systems

- Commodity Trading and Risk Management (CTRM) systems dominate the strategic landscape. CTRM's do everything from Cocoa beans to Copper.
- Electricity however is a unique commodity that is difficult to store and needs to be transported and consumed immediately.
- Financial hedging products for electricity tend to be very complex, diverse in nature and often bespoke.
- Basic CTRM's struggle with this complexity so more specialist Energy Trading and Risk Management systems (ETRM's) are required.
- EOL has specialized in ETRM's. This typically means electricity, gas, coal, carbon, but can also include oil and liquids.



Further market background and independent industry analysis is available at the CTRM Center. [www.ctrmcenter.com](http://www.ctrmcenter.com)

# Competitive approach to target new business and legacy systems

Energy One targets three segments:

## 1) New business

- Smaller companies using spreadsheets
- Companies with in-house legacy systems
- 3<sup>rd</sup> party software that uses 'old' technology
- new market entrants, start ups and expansion players

## 2) Growth in existing accounts

- We provide additional functionality to existing customers as their businesses grow and become more complex

## 3) Differentiators vs competitors

- We offer easy-to-implement and value propositions
- We have specialist products for the complexities of energy hedging vs. CTRM's
- EOL also offers software solutions for physical dispatch of energy
- We provide outsourced market bureau services for Europe

# The regional growth strategy is to land and expand

- Energy One is a challenger brand
- Our strategy is to take on the the global players through incremental regional expansion.
- We have adopted a land-and-expand strategy. Land in a new market geography and start expanding our customer base.
- European revenue is now more than 50% of our global revenue after 2 years

# EOL provides investors a unique opportunity to invest in a specialist ETRM software company

Vendor type	Presence	No. of players	Ownership
Global players	Global	5-6	Private equity
Regional	Region/market specific (e.g Europe)	3-4	Private equity or corporate
Local	Country specific and/or sub-niche	15-20	Private
Energy One	2 regions (EU & APAC)	-	ASX

- ETRM vendors tend to be specialist suppliers the majority of which are owned by private equity
- We are the only listed provider of specialist ETRM software