

ASX/Media Release

For immediate release

10 November 2016

2016 Annual General Meeting

Energy Action Limited (ASX: EAX) is today holding its 2016 Annual General Meeting commencing at 2.30pm.

In accordance with ASX Listing Rule 3.13.3, please find attached the following documents which will be presented at the meeting:-

- The Chairman's opening address; and
- The Chief Executive Officer's presentation.



Carolyn West
Company Secretary

ENDS

Further information:

Scott Wooldridge : CEO : +61 2 9633 6471

Michael Fahey : CFO : +61 2 9633 6405

Energy Action
Chairman's Address for Annual General Meeting
to be held

at 2.30 pm on Thursday 10th November 2016

1.1 Introduction

We welcome the opportunity to update you in person on the business of the company. After the meeting closes, we invite you to join us for informal discussions and light refreshments.

This is my inaugural speech as Chairman and I was honoured to be appointed to this role at this time last year. As you will soon hear from our CEO, whilst the 2016 Financial Year has been one of progress and achievement for Energy Action, significant energy market volatility over recent months has posed challenges to our business. Results in the first quarter of FY17 have not met our expectations, and we are disappointed with this outcome, as no doubt, are our shareholders. We are focusing our sales and marketing efforts over the remainder of FY17 in an effort to recoup some of the lost revenue. However, as a significant proportion of client renewals will occur in December, we will not fully recover the revenue shortfall experienced to date.

1.2 2016 Financial Year Results

The company's Net Operating Profit after Tax of \$3.5m represented a 47% increase over the 2015 financial year result. This positive result is encouraging, and reflects Energy Action's position as a leader and innovator in the field of energy procurement and management. Revenue of \$33.98m was also an increase of 6% on the previous year driven by strong performance in the Project and Advisory Services division along with growth in the Contract Management and Environmental Reporting division. These results and a keen focus on cost control and management resulted in improved margins and profitability.

1.3 Progress against our Strategy

Energy Action's strategy to extend the reach of our core energy solutions and capitalise on macro industry trends was released to the market in June 2016. The current focus is on leveraging three significant market trends that have evolved in the energy sector, namely, the development of Microgrids, the advent of Big Data and the opportunity represented by NABERS – the National Australian Built Environmental Rating System, to improve building energy efficiency. Targeted solutions to address these trends have been successfully piloted over the last 12 months with key clients. In the 2017 financial year, an investment in sales and marketing resources is aimed at furthering the customer engagement in these products.

1.4 Current energy market landscape

Our ASX market announcement on the 31st October 2016, detailed how the current disruptions in the energy market have impacted our first quarter trading results. The evolution of the energy industry towards increased renewable generation is challenging the market dynamics. The recently announced closure of the Hazelwood generation facility and the blackouts in South Australia have resulted in unforeseen volatility in wholesale energy markets. This current volatility has impacted our ability to secure long term energy procurement contracts for our existing and potential customers due to reduced retailer participation in procurement events and numerous instances of agreed pricing being withdrawn by retailers. In addition, many customers have delayed decision making on recontracting due to the significant increases in retail pricing being presented.

1.5 Opportunities for Energy Action

Whilst these market events and higher energy prices are very challenging in the short term, they also provide an opportunity for Energy Action to respond with our suite of energy efficiency services and products to assist our customers with energy management solutions. These solutions will improve a customer's operational environment and reputational outcomes.

1.6 Conclusion and Acknowledgements

Your Board is monitoring these changing energy market conditions and progressing with the implementation of growth initiatives in this challenging environment.

I take this opportunity to thank our Directors, Dr Ronald Watts, Paul Meehan, Nitin Singhi and Mark de Kock for their efforts during the year to help guide the Company through this next phase of growth and development.

Finally I would like to thank our CEO, Scott Wooldridge and his entire team for their hard work and dedication over the year.



CEO's Address

Mr Scott Wooldridge
Chief Executive Officer





Business Overview



ENERGY ACTION AT A GLANCE



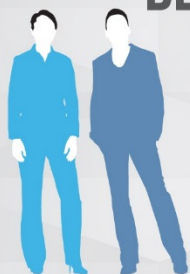
150+ EMPLOYEES



LEADING 


electricity, natural gas, LPG, fuel
and environmental certificate
services provider

DEDICATED TEAMS:



Procurement
Contract Management
Account Management
Energy Efficiency Projects
Regulatory Experts
Energy Consultants



manage **13%** 
of the national
commercial and
industrial electricity spend



Develop and deliver
innovative solutions to the
energy challenges of our time
for our clients and the planet



FY16 Operational Performance and Financial Results



Delivering on our Strategy

Driving profit growth in competitive & uncertain markets

FY16 Achievements

Expanding customer reach

- All legacy brands migrated to the core Energy Action brand
- Relaunched an Integrated suite of Contract Management Solutions
- Launched Energy Metrics Platinum

Operational Improvements

- Realised cost synergies from prior acquisitions
- Finance & CRM systems upgraded and migrated to a common platform
- Integrated IT infrastructure across all employees
- Improved Projects and Advisory utilisation, meeting target expectations

Growth from macro industry trends

- First micro-grid management contract executed with Charter Hall
- First building efficiency continuous monitoring and diagnostics solution won based on Energy Action's new software and services solution (EMDS)

FY16 Financial Performance

Key Financial Metrics	FY2016	FY2015
Revenue	\$33.98m	\$32.05m
Statutory NPAT	(\$0.45m)	(\$2.15m)
Operating NPAT	\$3.52m	\$2.40m
Future contracted revenue	\$66.7m	\$75.8m
Operating Cash Flow before interest, tax and significant items	\$6.64m	\$5.93m
Earnings per share (Statutory)	(1.73)c	(8.28)c
Earnings per share (Operating)	13.56c	9.22c
Dividend per share	6.32c	3.65c



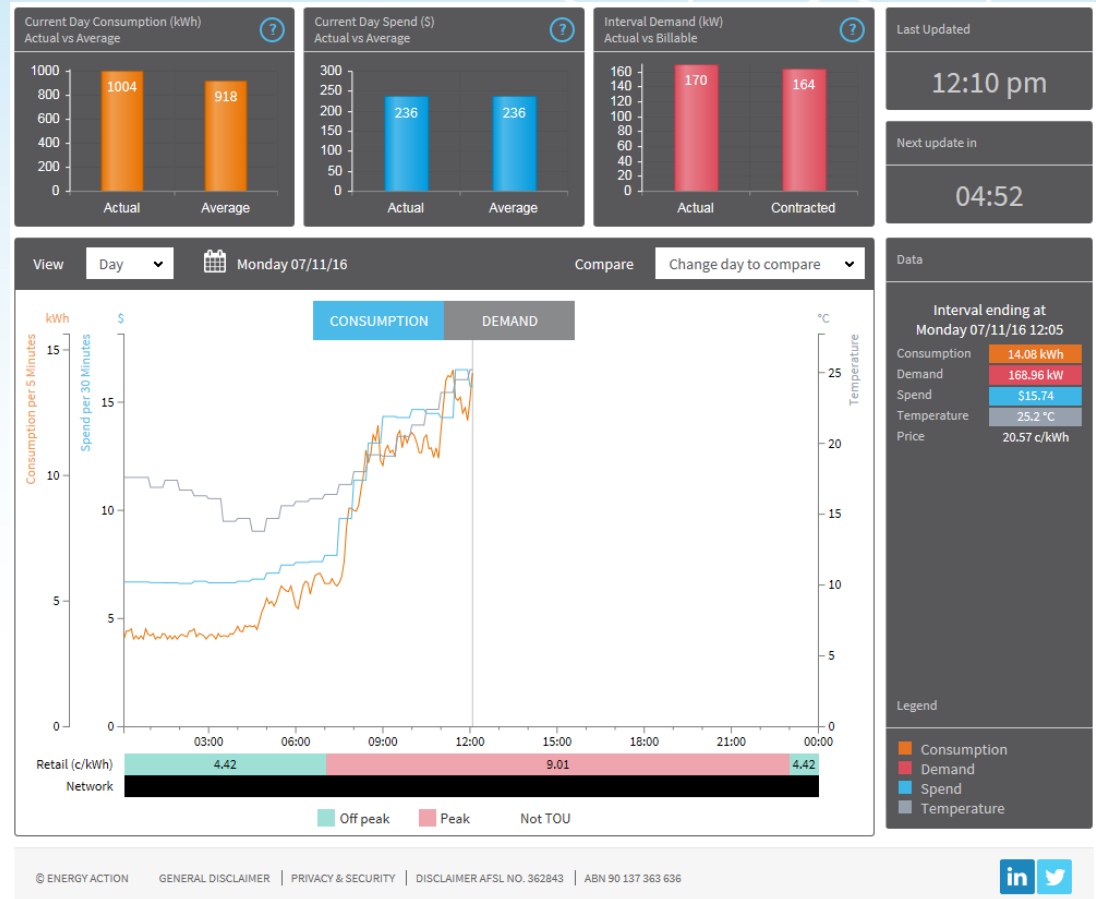
FY17 Operational Priorities and Outlook



Energy Metrics Platinum

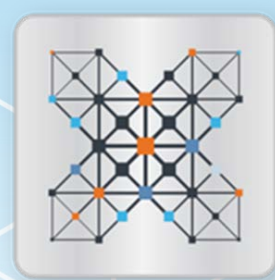


- Near Real Time Analytics
- No additional hardware investment required
- System Alerts
- Demand Management



Microgrids - Tenant Metering, Monitoring and Billing

Multi-year contract to manage multiple properties



- Charter Hall Shopping Centre Portfolio (17 centres)
 - System Design
 - Electricity Procurement
 - Reporting and Compliancy
 - Managing tenant metering and billing
 - Solar Feasibility

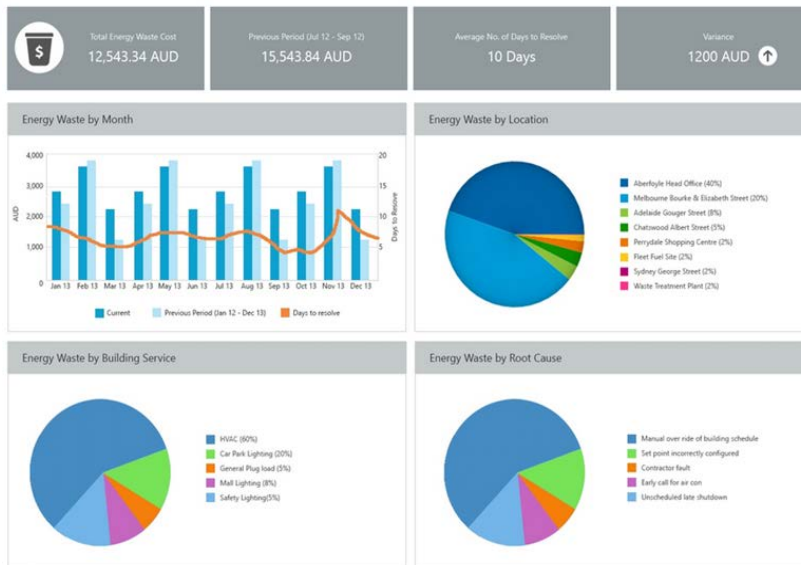


Live
July
2016

Expert Monitoring and Diagnostics Solution

First client – Nishi Building Canberra

- Commercial building software and services energy monitoring and diagnostics solution
- Provides continuous NABERS benchmarking and building fault diagnostics
- Jointly developed with external software partners
- Solution deployed on award winning 5 Star Nishi building in Canberra delivering 40 individual energy optimisation opportunities within 14 days of go live



Roll out of new strategy

Growth from the core and adjacent categories

Extending Core
Solutions Reach

Client Segmentation &
tailored offerings

Revamping Contract
Management Offers

Enhanced Product
Management

Accelerated Channel
Partner Programs



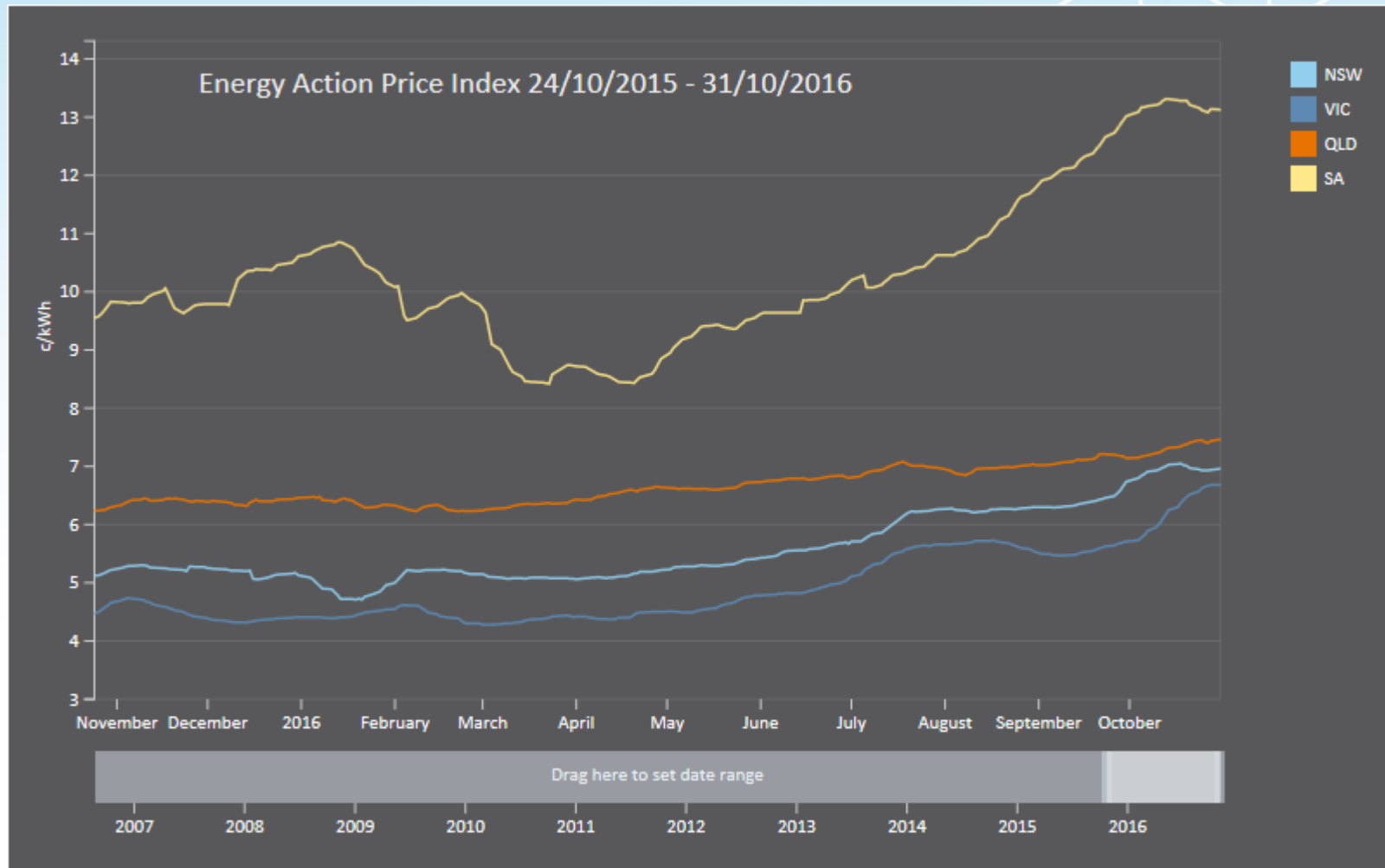
Capitalise on Macro
Industry Trends

Microgrids

NABERS

Big Data

Continued Rise of Energy Prices



Short Term Market Conditions

- Significant short term disruption in NEM Energy Markets
 - Energy Wholesale prices have increased 24% since mid September, and 40% across the prior 12 months
 - Price increases accelerated based on the rumours, then announcement, of the closure of Hazelwood Power Station
 - Offer validity has been less than 4 hours (client sign off time)
- Energy Retailers on numerous occasions pulled offered pricing or stopped pricing based on the volatile wholesale market pricing
- South Australian blackouts also impacted markets and Energy Retailer's ability to price
- A reduced number of Energy Retailers are now pricing at market reflective pricing
- Based on market events, procurement opportunities have either been deferred or are required to be repeated, creating risk for contracts expiring on or before 1st January 2017

Medium Term Market Conditions

- Procurement offers utilised by the top 400 Australian Energy Users remain highly competitive, resulting in margin pressure
- Growing interest in more complex procurement approaches to better hedge risk for larger users based on recent market events. This aligns well to Energy Action's Structured Products capability
- Strong growth in enquires and quoting for Demand side projects and software management solutions, supported by expert consulting services
- Energy Retailers and Consultants are trying to diversify to offer value added services. Solar solutions for Commercial and Industrial clients are rapidly gaining momentum
- Energy Prices are trending up which is traditionally favourable for service providers. However, Energy Retail Contract lengths have declined to 18 months from 23 months in FY16

FY17 Earnings Outlook

- Operating NPAT has primarily been impacted by:
 - Delayed or cancelled procurement events caused by the unprecedented volatility in wholesale markets, reducing first quarter procurement and contract management sales
- Assuming normal trading conditions for the remainder of the trading year, Full year Operating NPAT for FY17 is expected to be circa 25% below FY16 results, at approximately \$2.6 million

Refer Trading Update lodged on the ASX 31 October 2016.

Further information

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Chief Executive Officer

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Chief Financial Officer

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Disclaimer

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All information contained herein is current as at 10th November 2016 unless otherwise stated.

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