



Financial Results Presentation for the year Ended 30 June 2014

Presented by
Mr Scott Wooldridge
Chief Executive Officer
Energy Action Limited

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Business Overview



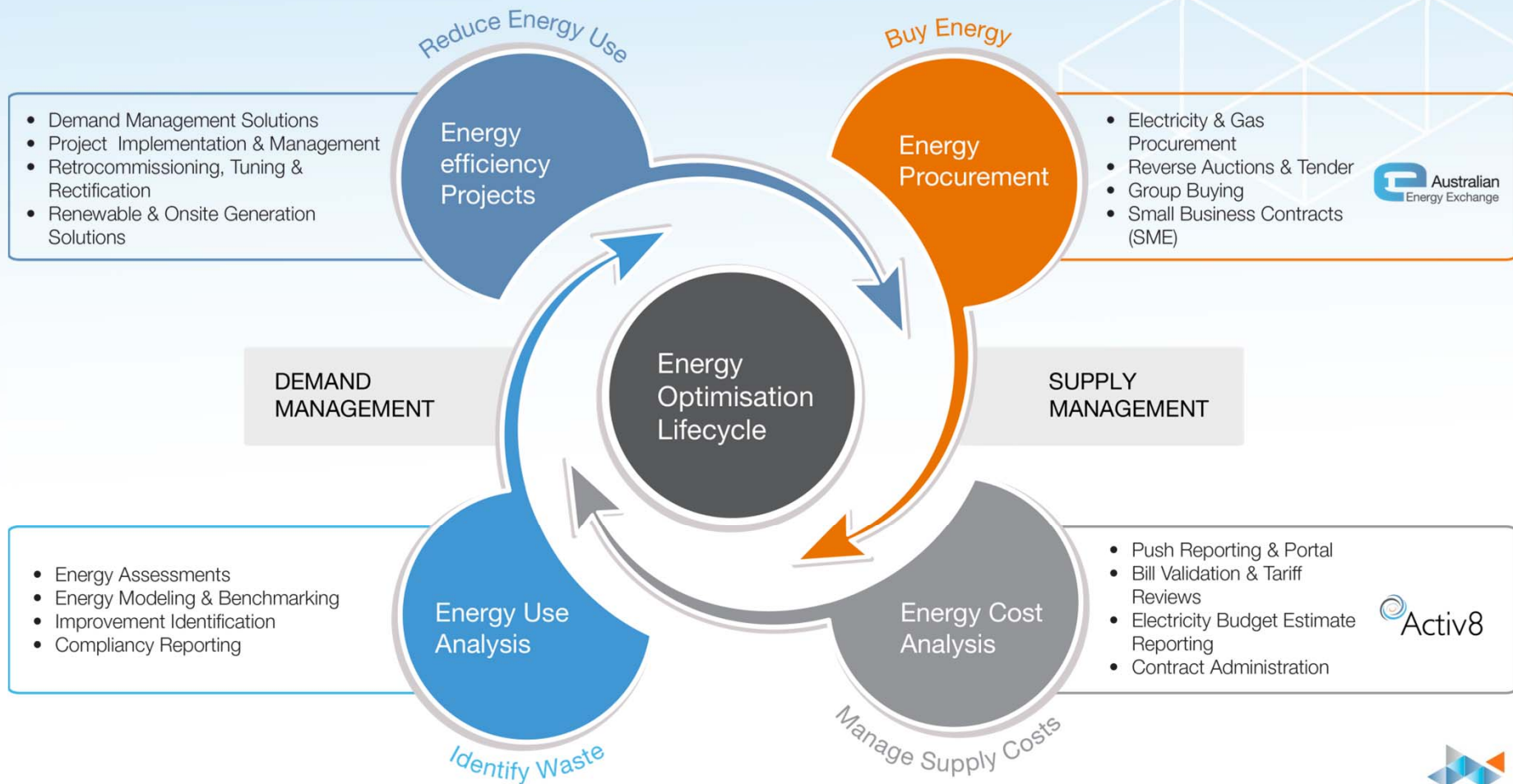
We are a leading energy management consultancy

- Created the market for online reverse auctions for electricity – settled approximately \$7 billion worth of electricity contracts since 2009
- Market leading energy management capabilities across procurement, monitoring and energy efficiency services
- Established thought leadership within the global energy efficiency community, having played the key role in establishing numerous technical standards including NABERS and the CBD Lighting ratings
- Over 5,000 customers and 18,000 sites under management across a diverse range of commercial and industrial industry sectors
- Over 130 staff with the head office in Parramatta (NSW) and sales and services offices in Sydney CBD, Canberra, Melbourne, Brisbane, Newcastle, Adelaide, Perth and New Zealand

Our Cause

“As the energy market experts, we are committed to bringing **innovation** to energy management, enabling our people to deliver positive **environmental** and **financial** outcomes for our clients through the best **relationship management, analytics** and **data integrity**, as we respond to our client’s needs now and into the future as we continue to **shape** the energy management market.”

Energy Action Delivers Business Outcomes across the Energy Supply and Demand Lifecycle



Our Strategy: Create a Unique Market Position



Strong Executive Team



Scott Wooldridge
CEO

Field Delivery



Paul Cooper
Sales Director



Paul Bannister
Projects & Advisory
Services Director



Barry Denton
Corporate Business
Development Director

Operations



Troy Davis
General Manager IT



Helge Sangkuhl
General Manager
Operations

Corporate Functions



Madeline Sedrak
Human Resources
Manager



Edward Hanna
Strategy & Business
Integration Director



Nathan Francis
CFO & Company
Secretary



Sandra Bermingham
Marketing Manager



Malcolm Whalley
Markets & Regulatory
Manager

Corporate Snapshot

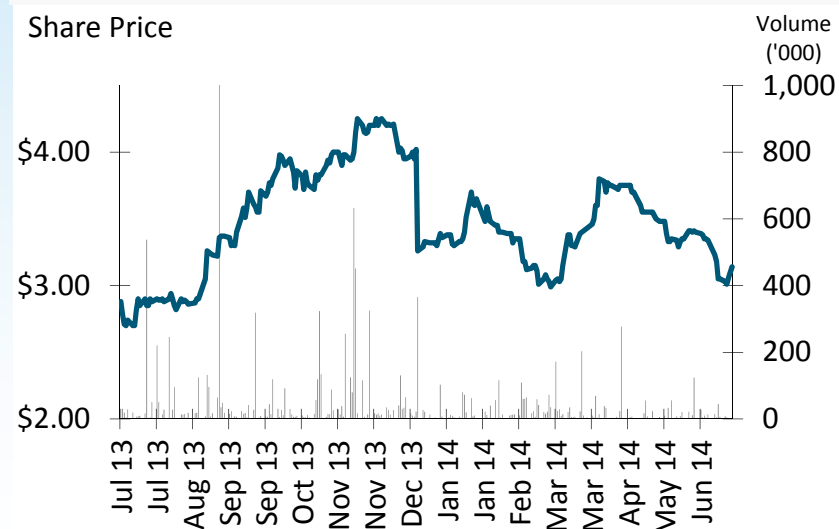
Capital Structure

| | |
|-----------------------------------|-----------------|
| ASX Code | EAX |
| Shares on Issue | 25.8 million |
| Market Cap (June 30 2014) | \$81.3 million |
| Share Price (52 week High/Low) | \$2.95 - \$4.35 |
| Cash at Bank (30 Jun 14) | \$4.6 million |
| Debt | Nil |
| Shareholders | 900 |
| Top 20 holding | 78% |

Board of Directors

| | |
|------------------|------------------------|
| Dr. Ronald Watts | Chairman |
| Valerie Duncan | Non-Executive Director |
| Paul Meehan | Non-Executive Director |
| Stephen Twaddell | Non-Executive Director |
| Murray Bleach | Non-Executive Director |

12mth Share Price Performance

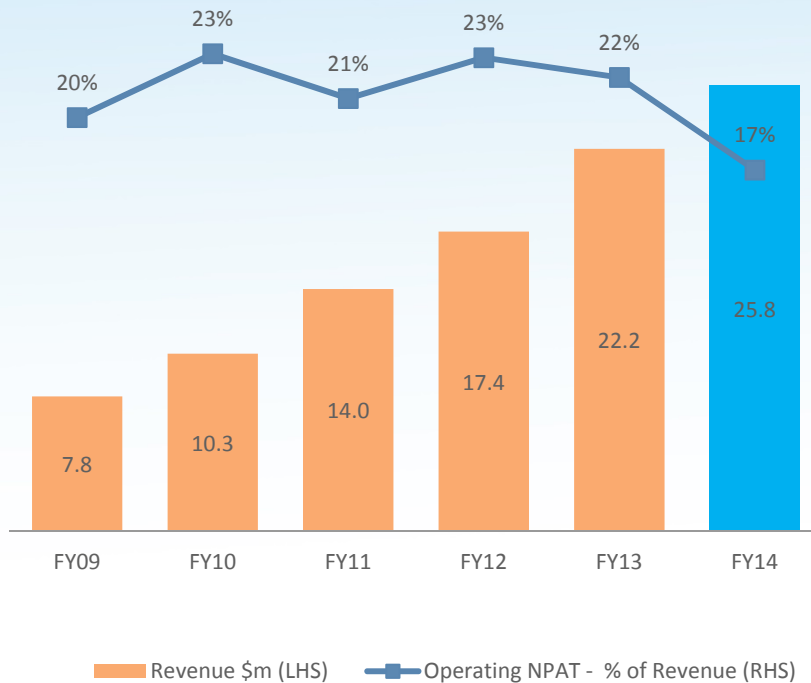


Substantial Shareholders

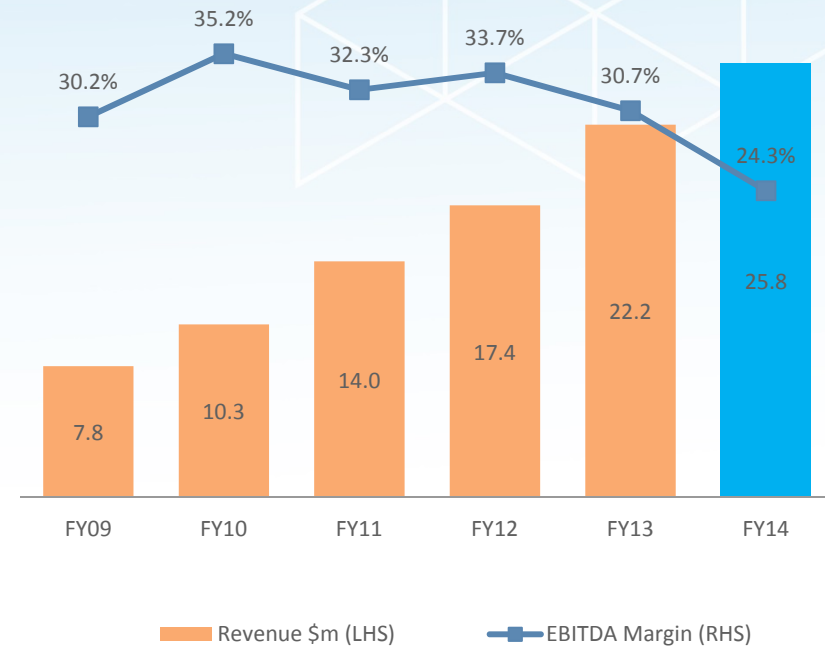
| | % |
|-------------------------------|------|
| Paul Meehan | 18.3 |
| Perennial Investment Partners | 12.2 |
| Stephen Twaddell | 7.0 |
| Dr Ronald Watts | 6.5 |

Consistent Revenue Growth

Revenue and Operating NPAT Margin



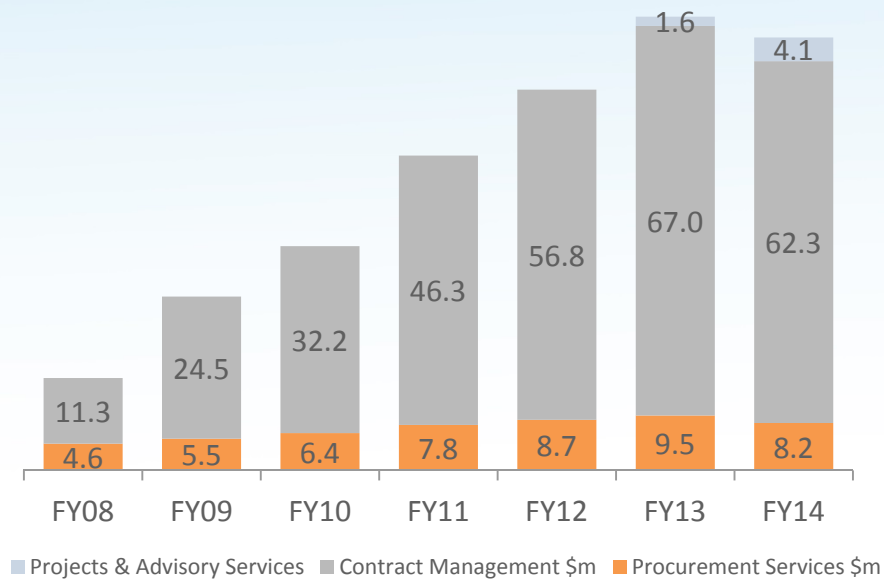
EBITDA Margin



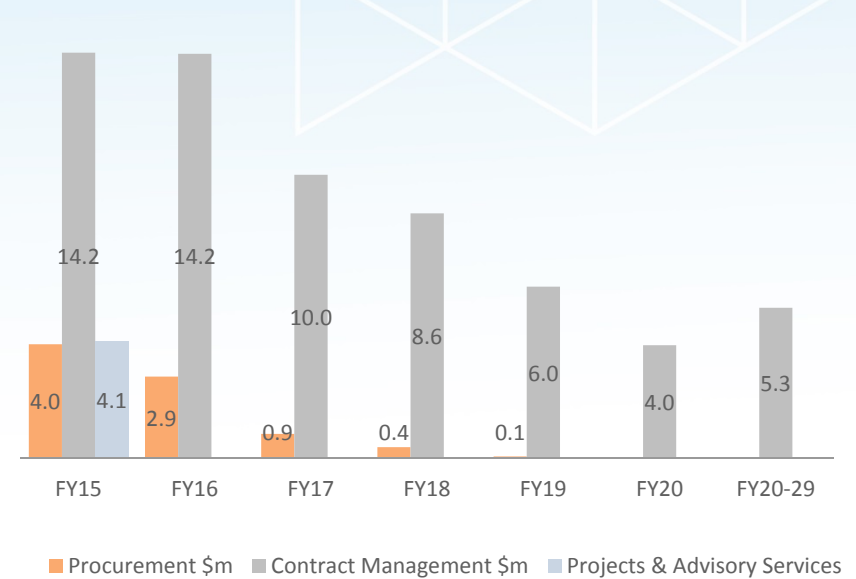
- Operating NPAT and EBITDA margins impacted in FY2014 due to sustained investments in sales acquisition roles and Projects & Advisory Services personnel that have been slower to realise targeted revenue growth ambitions

Future Contracted Revenue remains strong

Future Contracted Revenue



Future Contracted Revenue Realisation Year





Financial Results

Operating NPAT at \$4.5m

| 000's | FY2014(\$) | FY2013(\$) |
|---|-----------------|-----------------|
| Revenue & other income | 25,827 | 22,166 |
| Employee benefits expense | (12,849) | (9,906) |
| Depreciation and Amortisation | (914) | (773) |
| Rental expenses | (530) | (437) |
| Travel expenses | (527) | (268) |
| Cost of goods sold (Projects & Advisory Services) | (2,288) | (1,251) |
| Other expenses | (2,989) | (2,731) |
| Total overheads | (20,097) | (15,366) |
| M&A/ listing related expenses | (441) | (491) |
| Profit before income tax | 5,289 | 6,306 |
| Income tax expense | (1,777) | (1,930) |
| Net profit after tax | 3,511 | 4,376 |
| Add back – M&A/IPO costs | 441 | 491 |
| Add back – Exergy Deferred Payments | 259 | |
| Add back – Employee Share Scheme | 292 | |
| Operating profit after tax | 4,504 | 4,867 |
| Operating EBITA DA margin | 27.1% | 33.3% |

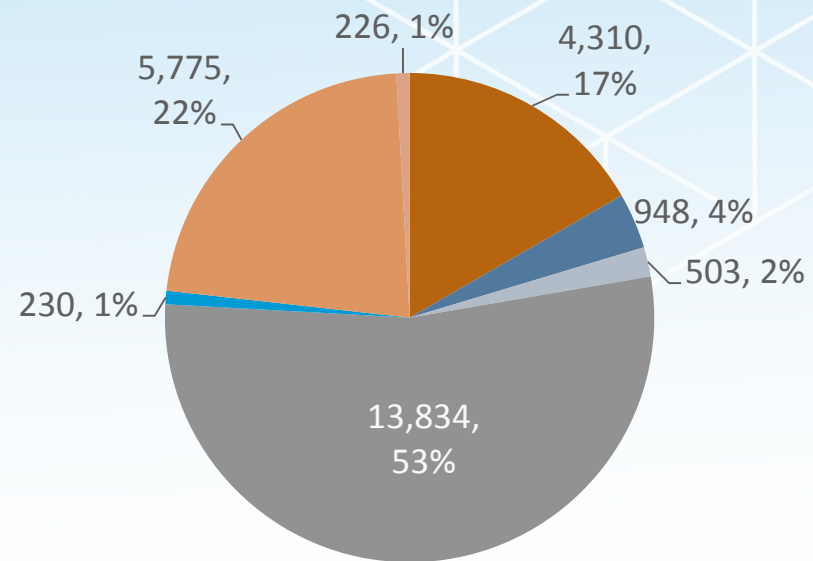
Revenue up 17%

Staff costs increased 30%, primarily due to planned investments in Acquisitions Sales and Projects & Advisory Services resources. Additional employee expenses related to employee PROP and deferred Exergy payments are now shown as employee benefits however excluded for operational NPAT purposes

Costs relating to the Exergy Acquisition are required to be expensed however are not tax deductible when incurred

Revenue up 17% to record \$25.8m

- Projects and Advisory Services revenue up 137% to \$5.775m, including a \$1.235m contribution from Exergy since March 2014
- Small Site procurement revenue increased 100% reaching 0.948m
- Contracts Management Revenue flat against FY2013 after a number of contract cancellations in the first half of FY2014
- Large Market Procurement (Large market auctions & auction registration fees) flat, with a decline in load volume and MWh price offset by an increase in commission rates (1.5% to 1.95%) and increased registration fees



- Large Market Electricity Auctions (AEX)
- Small Market Electricity Tenders (SME)
- Large and Small Market Gas Tenders (Gas)
- Contract Management & Energy Reporting (Activ8)
- Auction Registration Fees
- Projects & Advisory Services (PAS)
- Other



EnergyAction

Cash Flow Remains Strong

| | 2014 (\$) | 2013 (\$) |
|---|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 26,202,218 | 23,302,450 |
| Payments to suppliers and employees | (20,234,046) | (16,073,715) |
| One off commission payment | - | (1,726,930) |
| Acquisition transaction related costs | (440,596) | (491,303) |
| Interest received | 172,191 | 195,097 |
| Income tax paid | (1,245,670) | (1,212,582) |
| Net cash provided by operating activities | 4,454,097 | 3,993,017 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (145,917) | (372,613) |
| Acquisition of Ward Consulting Services | (500,000) | (1,940,288) |
| Acquisition of Exergy | (1,805,140) | - |
| Acquisition of Exergy – restricted cash | (1,000,000) | - |
| Software development costs | (637,277) | (400,906) |
| Net cash used in investing activities | (4,088,334) | (2,713,807) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (2,253,646) | (1,832,373) |
| Proceeds from share issue | - | 240,000 |
| Net cash provided by/ (used in) financing activities | (2,253,646) | (1,592,373) |
| Net (decrease)/increase in cash held | (1,887,883) | (313,163) |
| Cash at beginning of financial year | 6,444,441 | 6,757,604 |
| Cash at end of financial year | 4,556,558 | 6,444,441 |

Driven by 17% Revenue growth

Operating Cash Flow up 12%

Payment of first tranche of Exergy acquisition (less cash acquired) with 3rd tranche secured in Escrow

Balance Sheet continues to strengthen

| | 2014 (\$) | 2013(\$) |
|--------------------------------------|-------------------|-------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | 4,556,558 | 6,444,441 |
| Exergy Escrow | 1,000,000 | - |
| Trade and other receivables | 5,293,181 | 3,513,972 |
| Other assets | 1,258,455 | 980,715 |
| TOTAL CURRENT ASSETS | 12,108,194 | 10,939,128 |
| NON-CURRENT ASSETS | | |
| Trade and other receivables | 46,322 | 15,331 |
| Property, plant and equipment | 563,920 | 553,300 |
| Other assets | 946,829 | 1,246,965 |
| Intangible assets | 7,567,771 | 6,361,092 |
| TOTAL NON-CURRENT ASSETS | 9,124,842 | 8,176,688 |
| TOTAL ASSETS | 21,233,036 | 19,115,816 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 2,137,085 | 4,052,417 |
| Current tax liabilities | 492,914 | 115,217 |
| Provisions | 946,216 | 632,510 |
| TOTAL CURRENT LIABILITIES | 3,576,215 | 4,800,144 |
| NON-CURRENT LIABILITIES | | |
| Provisions & other payables | 252,723 | 221,905 |
| Deferred tax liabilities | 803,007 | 840,815 |
| TOTAL NON-CURRENT LIABILITIES | 1,055,730 | 1,062,720 |
| TOTAL LIABILITIES | 4,631,945 | 5,862,864 |
| NET ASSETS | 16,601,091 | 13,252,952 |
| EQUITY | | |
| Issued capital | 6,160,906 | 4,329,671 |
| Share based payment reserve | 258,947 | - |
| Retained earnings | 10,181,587 | 8,923,281 |
| Foreign currency translation reserve | (349) | - |
| TOTAL EQUITY | 16,601,091 | 13,252,952 |

Strong cash position retained post first \$2m payment to Exergy

Intangibles = internally developed software, amortized over 5 years (\$1.7m) plus goodwill/ customer relationships including Exergy (\$5.8m)



EnergyAction



Operational Performance



Energy Procurement



- The Australian Energy Exchange (AEX) is Energy Action's online reverse auction platform. Energy suppliers competitively bid for large site electricity contracts
- Energy Action provides tender based procurement services for small site electricity contracts and gas contracts
- Small site contracted revenue grew significantly in FY2014 from \$0.4m to \$0.9m in revenue
- 2055 Procurement Events run in FY2014
- Average 6.9% discount achieved for customers (calculated from first to last bid)

| | FY2014 | FY2013 | Variance |
|---|---------|-----------|----------|
| No. of successful ¹ auctions | 1406 | 1390 | 1% |
| Average auction contract duration | 26mth | 27mth | (4%) |
| MWhs procured (Auction platform) | 4.79m | 6.87m | (30%) |
| Average \$/MWh | \$44.74 | \$58.12 | (23%) |
| Total auction bid value ² | \$214m | \$398m | (43%) |
| No. of large sites under contract | 9,532 | 9,598 | (0.5%) |
| No. of small sites under contract | 8,325 | Not avail | |
| No. of small and large gas sites under contract | 754 | Not avail | |

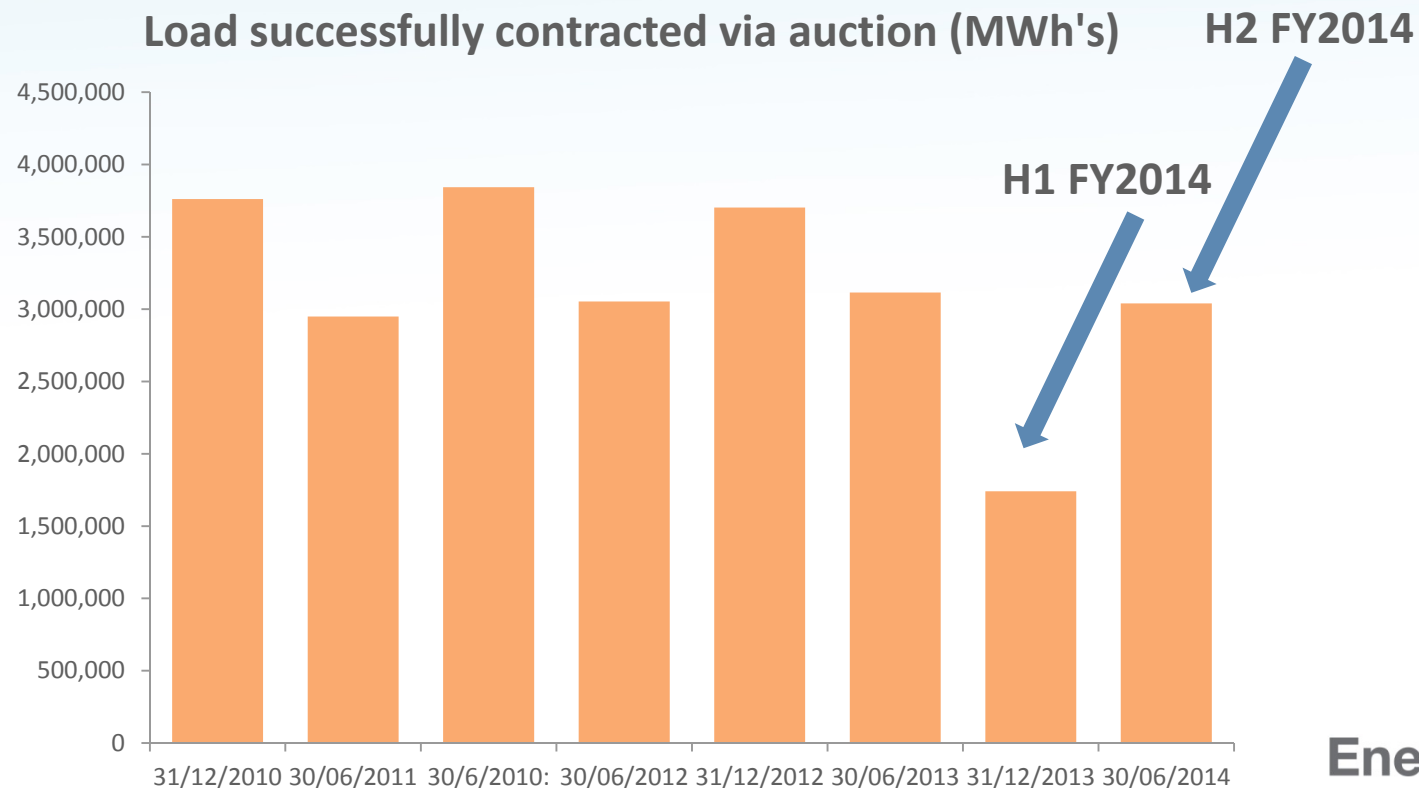
1. typically 2 scenarios are auctioned for customers
2. based on electricity only component of bill, excludes network and other charges

Energy Procurement

Large Market Electricity Auctions



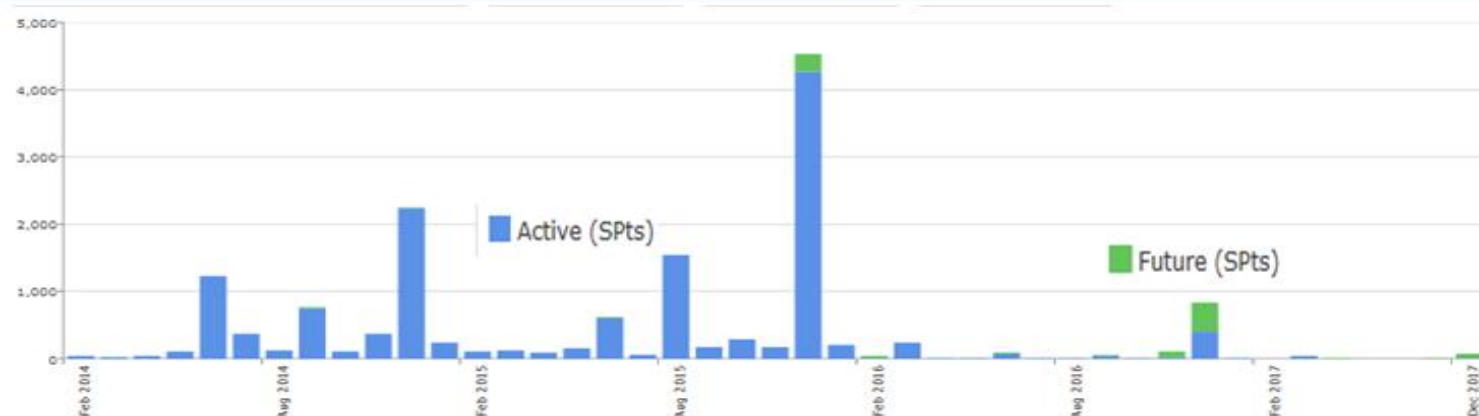
- Low first half FY2014 volumes driven predominantly by sales team restructure April 2013
- Recovery in second half FY2014 back to historical levels



Energy Procurement

Renewal cliff opportunity

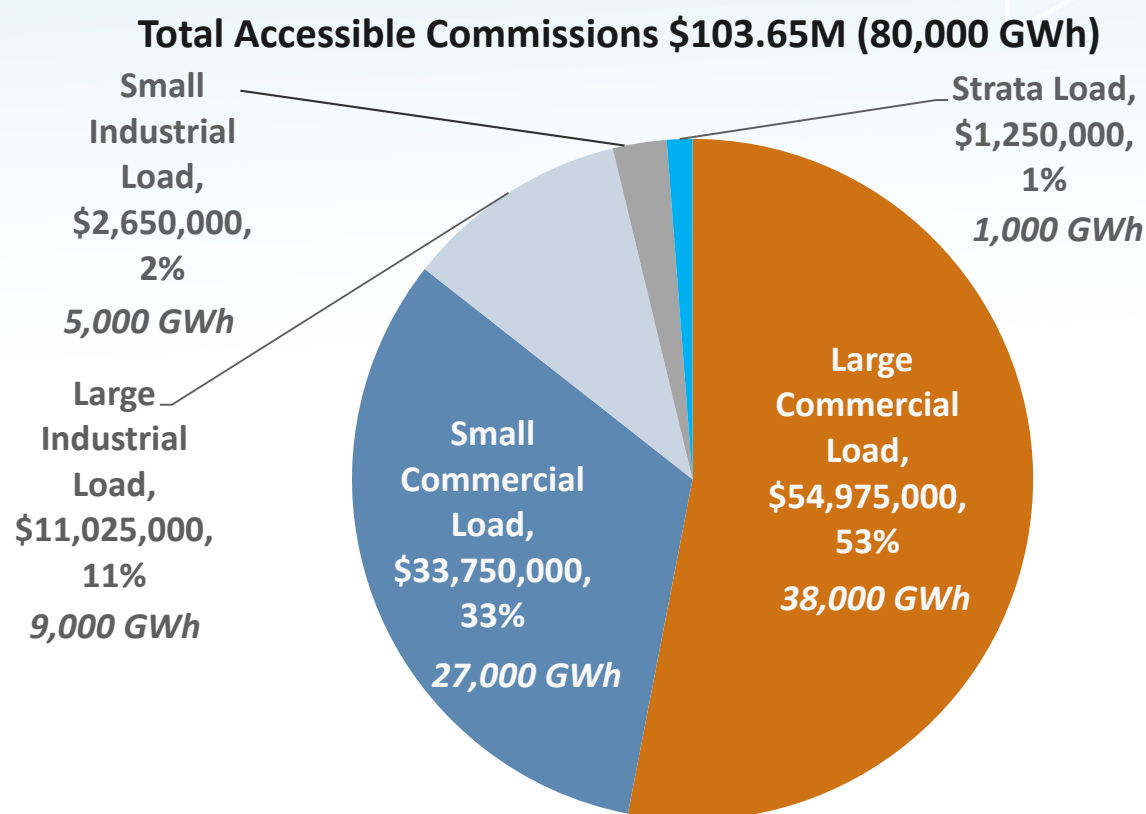
- Due to the uncertainty as a result of carbon tax customers did not renew beyond 2015
- EAX has 5,236 sites due for renewal between June 2014 and December 2014 and 7,133 sites between June 2015 and December 2015
- 77% of sites under management are due for renewal between June 2014 and December 2015



- Future = supply points that have not yet commenced their retail energy contract but are due to end at a future date
- Active = 14,436, Future 984
- Note includes SME but not gas

Energy Procurement - Total Potential Market

- \$103M Potential Annual Revenue from total accessible market
- \$66M Potential Annual Revenue from Large C&I market
- \$37M Potential Annual Revenue from Small C&I market



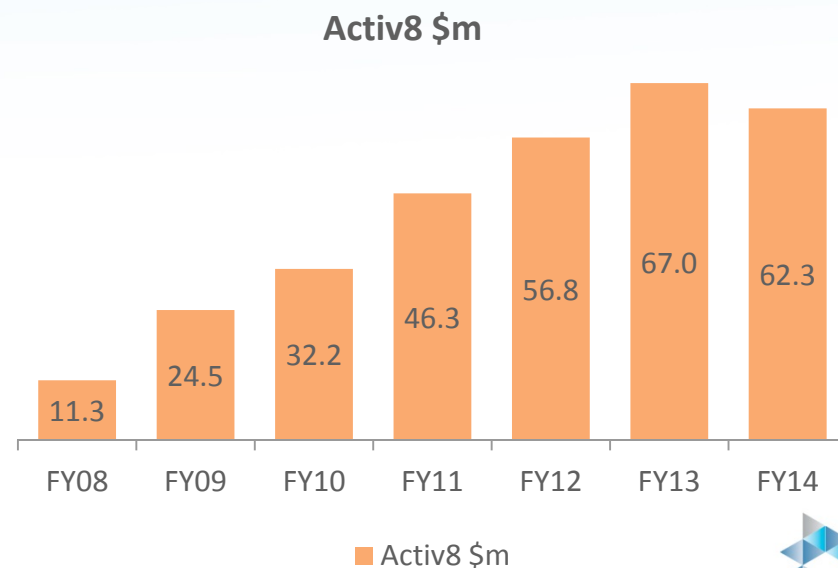
Contract Management & Energy Reporting



- Activ8 platform provides contract management services via automated monitoring and reporting—highly scalable
- Key Customer deliverables are:
 - Monthly Bill Validations
 - Annual Tariff Reviews
 - Daily, Weekly, Monthly and Annual comprehensive energy and carbon usage, reporting
 - Monthly and Annual Cost, forecasting, budgeting analytics and reporting
 - Front line management of Energy Retailers
- Over 9,000 sites under contract, up 6%
- Tariff reviews in July 13 and January 14 (Vic) identified \$4.1m in potential savings for our customers
- Activ8 delivers strong, annuity style revenues to EAX
- Activ8 future contracted income at \$62 million

| | FY2014 | FY2013 | Variance |
|------------------------------------|--------|--------|----------|
| Average Activ8 contract duration | 54 | 53 | 2% |
| No. of Activ8 sites under contract | 9,011 | 8,472 | 6% |

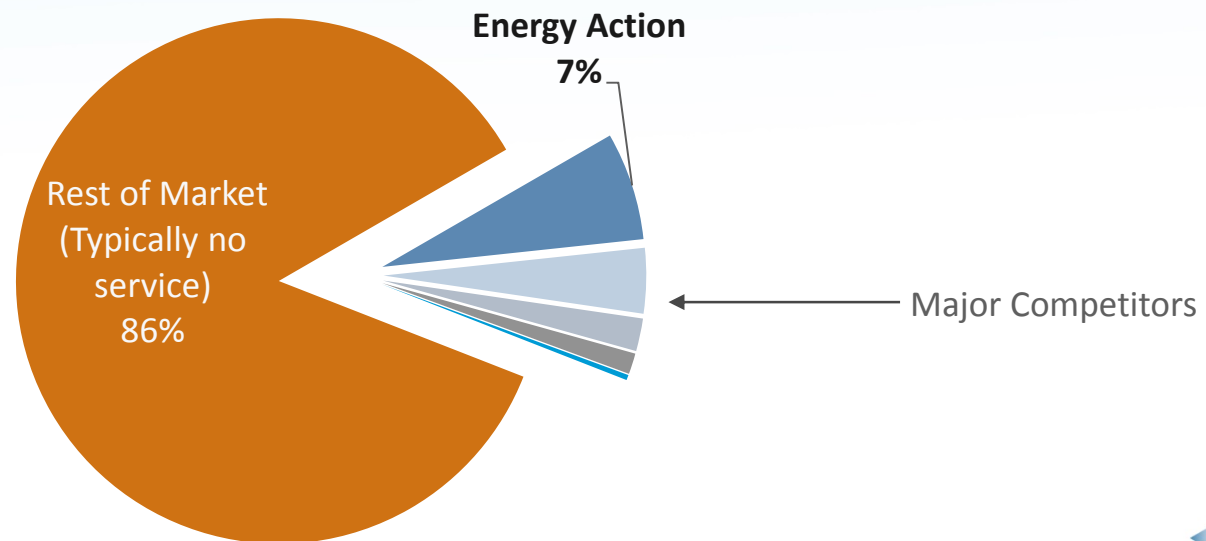
Future Contracted Revenue



Contract Management - Total Potential Market

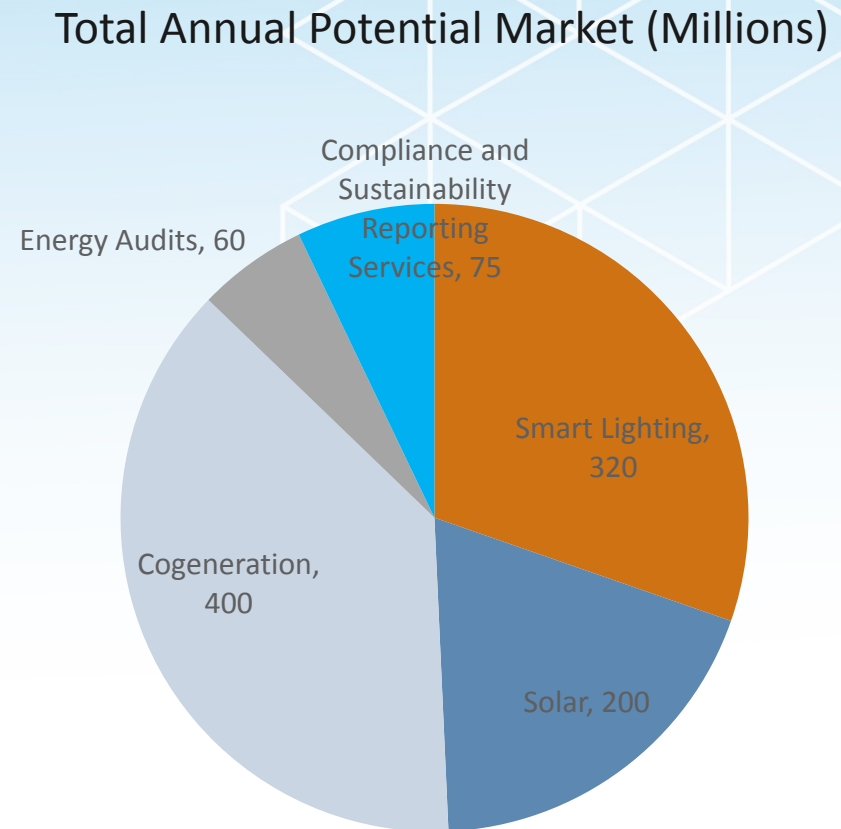


- \$150M Potential Annual Revenue from total accessible market
- 75,000 potential sites worth around \$150 million in contract management fees are accessible in the Australian market.
- >80% of Energy Action large market electricity customers adopt contract management services
- 7% Combined Market Share of Competitors
- Majority of rest of market customers have yet to adopt any contract management services offering



Projects & Advisory Services (inc Exergy)

- Efficiency and sustainability consultancy services provided by engineers and commercial specialists across a range of energy efficient technologies
- Ward Consulting & Exergy have been integrated with Energy Action's Sustainability Solutions Division to form the Projects & Advisory Services division
- Dr Paul Bannister heads the integrated division
- Solid annuity income related to compliancy reporting (NGERS) and building performance reporting and audits (NABERS)
- Targeted turnkey projects within existing client base based on clear ROI metrics
- 45 staff employed in PAS division



Projects & Advisory Services

Exergy - acquired March 2014



- Founded in 1999 by Dr Paul Bannister
- 30 staff, offices in Canberra, Sydney and Melbourne
- Australia's leading energy efficiency consultancy
- Renowned for:
 - Incisive technical and analytical work
 - Insightful program development
 - In depth understanding of social and market effects
- Core Capabilities include:
 - Energy audits & upgrade strategies
 - Developed NABERS and other tools (NABERS NZ, South Africa)
 - Independent commissioning
 - Post occupancy tuning and monitoring
 - NABERS and Green Star certifications
- Client Base A-REITS (Colonial First State, DEXUS, Brookfield, GPT)



Projects & Advisory Services

Case Study: Sirromet Winery

- Sirromet Wines is a 5 star winery located outside of Brisbane
- Energy Action commissioned a 200kW solar power solution for Sirromet
- Expected results of the partnership:
 - ✓ A reduction in annual energy spend of \$50,000 equivalent to 20% savings
 - ✓ Reduction in carbon emissions by more than 400 tonnes





Acquisition Update

EnergyAdvice



- Founded in 1996 by Mr Phil Randall
- 30 staff with offices in Melbourne, Sydney and Brisbane
- Established Energy Procurement Consultant with strong market share
 - Consistent Growth
 - Strong Reputation
 - Customer Base contains 40 of the top 400 Energy Users in Australia with long term client engagements
- Complementary offers to Energy Action's procurement and contract management services
- Global Reach via an alliance of affiliated companies



EnergyAdvice Rationale

- Delivering on key strategic intent – consolidating the brokerage market
- Potential to cross sell Energy Action's Projects & Advisory Services
- Opportunity to consolidate IT landscapes between organisations
- Immediate additional offers available to Energy Action customers
 - Tender Based large market electricity procurement (suits top 400 Energy Users)
 - Structured wholesale market products
 - Stronger presence and expertise in Gas Procurement
 - Expert consulting in security of supply area
- Increased Skills
 - Key Directors (3) are joining the Energy Action Executive Team
 - Managing Director , Phil Randall, is taking an Executive Board seat with Energy Action, transferring to Non-Executive by 1/7/2015

Key EnergyAdvice Clients





Outlook



FY2015 Outlook

- Well positioned for revenue growth, both organic and via the integration of EnergyAdvice and full year realisation of Exergy revenue
- Expecting to return to operating profit growth
- Key operational focus on realising the benefits related to recent acquisitions
- Key sales focus on market share growth of procurement customers based on benefiting from the renewal cliff for current procurement contracts.
- Accelerated investment in core IT infrastructure to deliver on differentiation strategy
- Continue to assess opportunities for organic and M & A growth

Further information

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EnergyAction

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All information contained herein is current as at 30 June 2014 unless otherwise stated.