



Energy One Limited (ASX:EOL) is a market-leading supplier of trading and risk management technologies for wholesale energy markets

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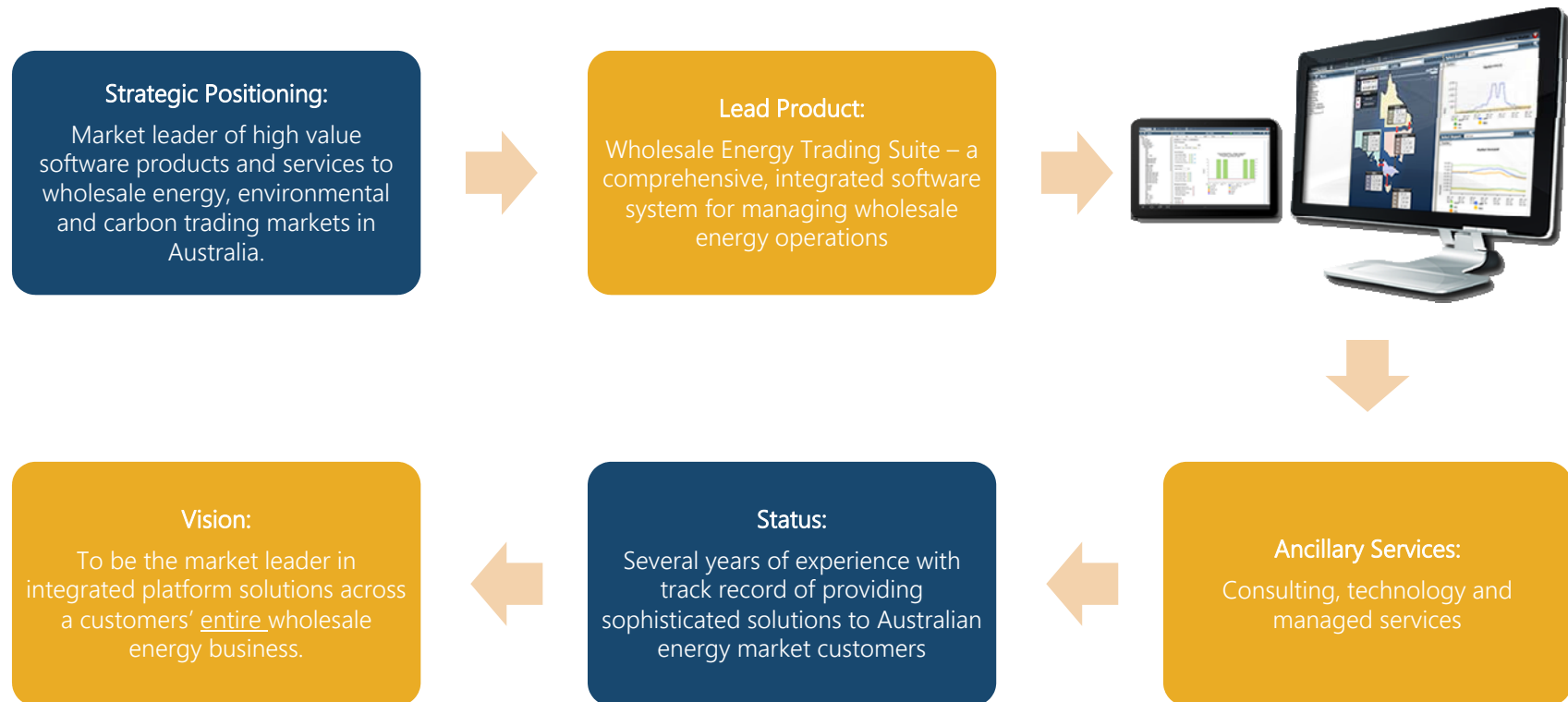
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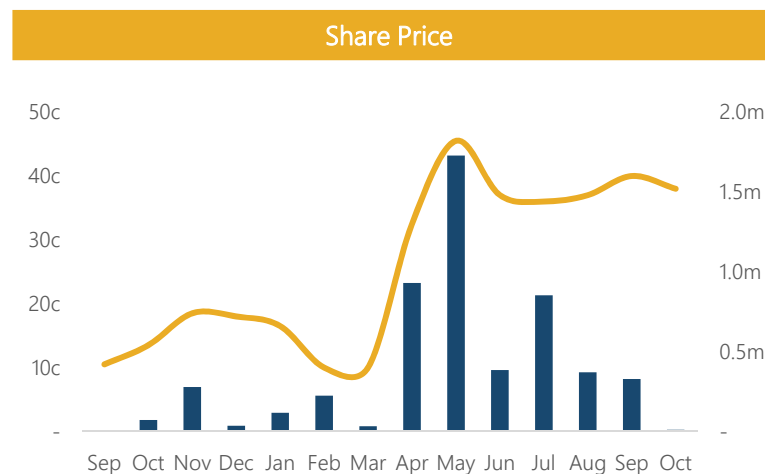
Company Overview



Energy One Limited

Market details

Summary	
Ord. Shares on Issue	17.9m
Share Price @ 15/10/14	\$0.38
12 month range	10c – 49.5c
Market Cap	\$6.8m
Net Debt (cash at 30/9/14)	(\$1.8)
EV	\$5.0m



Board & Management	
Ottmar Weiss	Chairman
Shaun Ankers	CEO / Director
Andrew Bonwick	Director
Vaughan Busby	Director
Ian Ferrier	Director

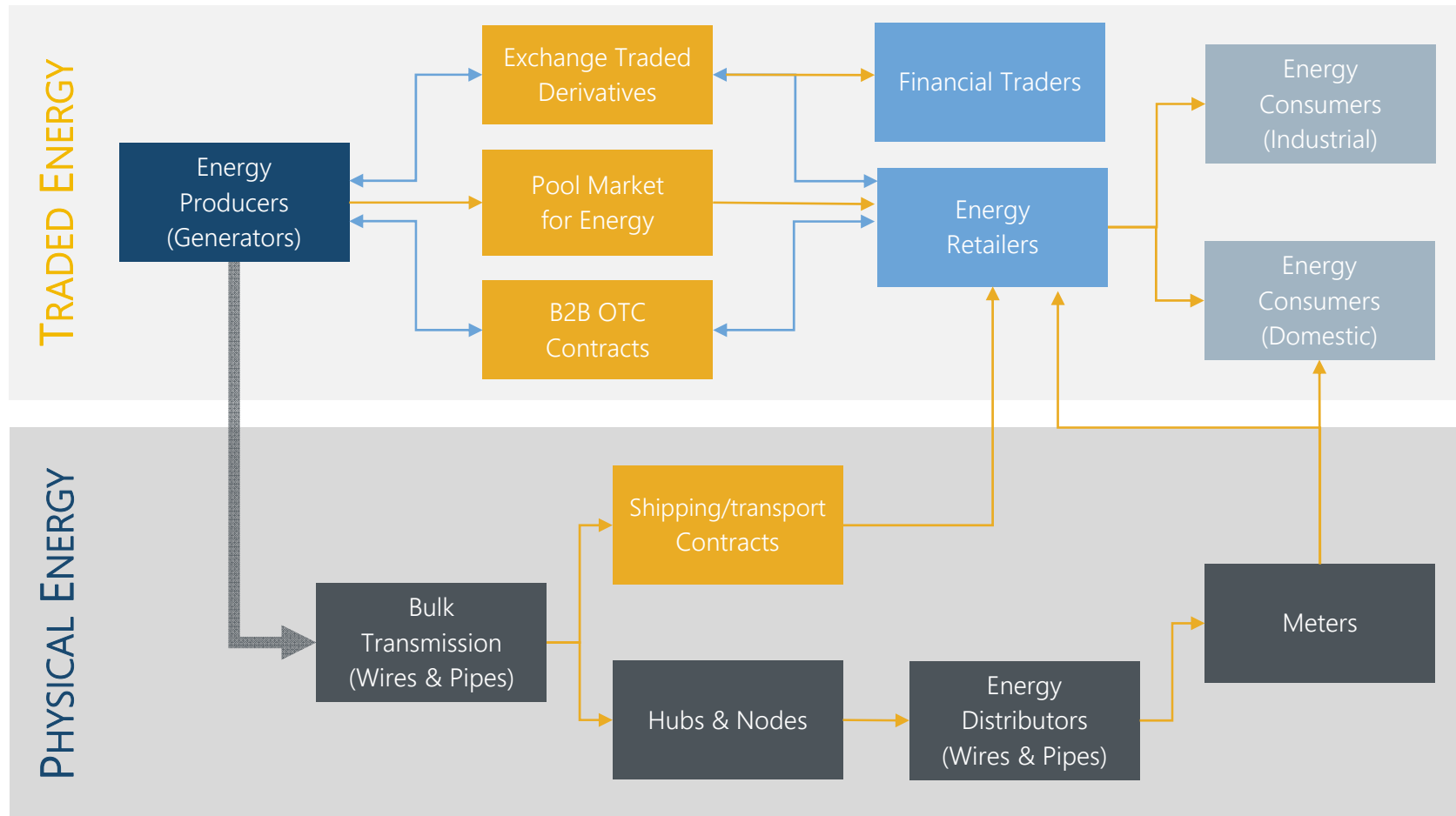
Major Shareholders	
Sonpine Pty Ltd	33.4%
Mr Vaughan Busby	16.2%
Mrs Emma Jane Gracey	5.3%
Rearden Group Pty Ltd	3.6%
Polding Pty Ltd	3.0%
Abbyssah Pty Limited	2.8%
Top 10	71.1%
Top 20	82.4%
Associated to Directors & Management	64.3%



Energy Market - Structure

Typical Energy Market Structure

The trading market in which our clients operate



- representation of market, for information purposes

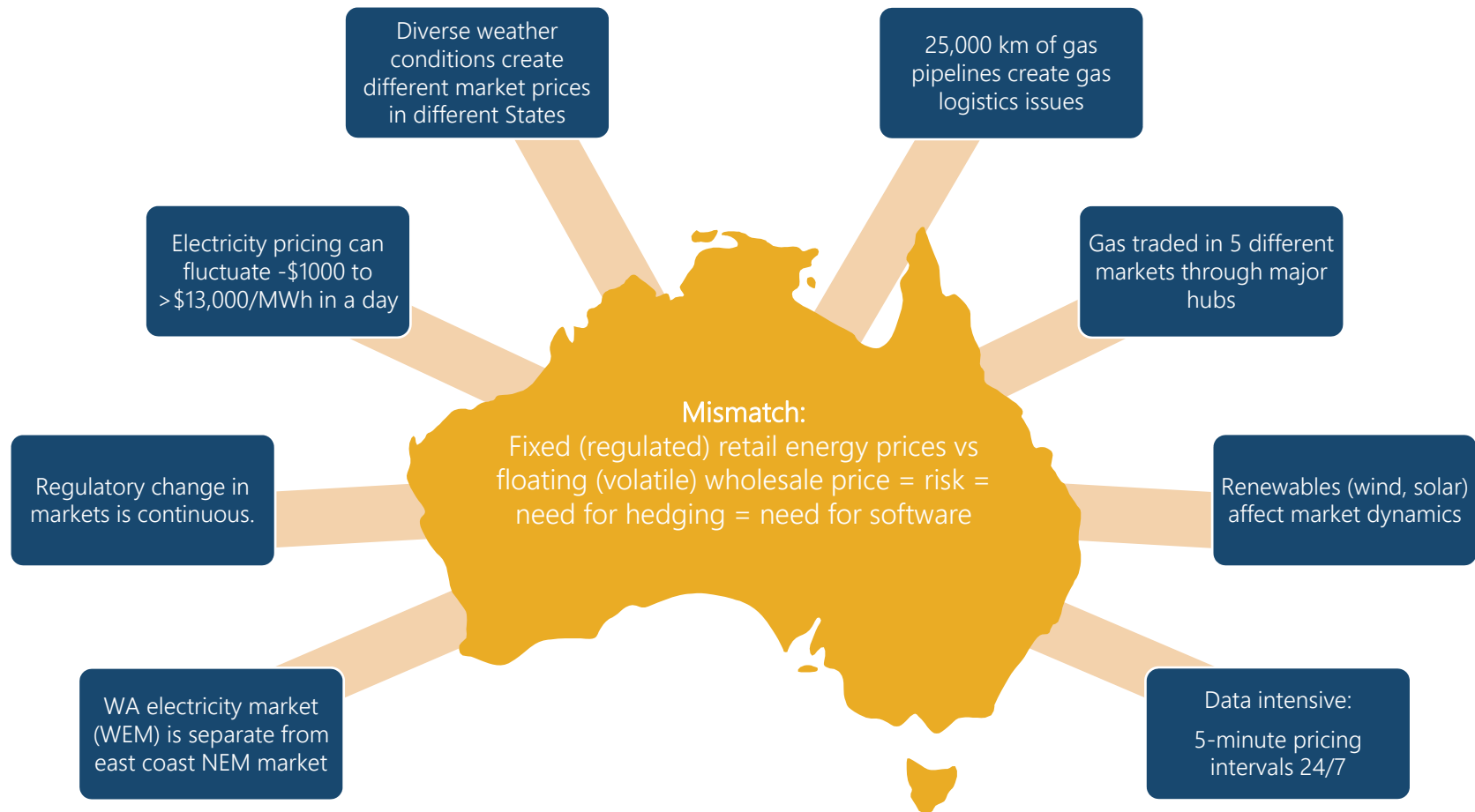
Typical Energy Market Structure (cont.)

- ▶ Sophisticated systems are required by Participants to manage the complex and inter-dependent trading arrangements
- ▶ Wholesale energy trading markets typically comprise both formal (B2M) and informal (B2B) markets
- ▶ The wholesale market is typically defined as the buying, selling and logistics of bulk energy (gas and electricity). Wholesaling energy systems are different to Retailing systems (Billing systems, CRM etc.)
- ▶ Participants in wholesale energy markets include financial traders (e.g. hedge funds), generators, transmission companies, retailers and larger customers
- ▶ Wide variety of trading/operational challenges exist, including the trading of both physical and contract energy, energy logistics and operations and business activities associated with trade and risk management
- ▶ EOL is a supplier of software and services to these market participants (i.e. we do not trade the energy itself)



Australian Energy Market

One of the most diverse and sophisticated markets in the world



Source: AEMO, APIA

Australian Energy Market (cont.)

- ▶ Is comprised of the formal markets for electricity and gas in the:
 - ▶ National Electricity Market (NEM) – energy based market
 - ▶ STTM and DWGM gas markets (eastern seaboard)
 - ▶ Wholesale Electricity Market (WA) – capacity and energy market
 - ▶ WA Gas market
- ▶ In the NEM, STTM & DWGM Gas markets:
 - ▶ Trade volume - \$11.4Bn of electricity and some \$1.9Bn of gas in FY13⁽¹⁾
 - ▶ 50,000 MW generation capacity. 200 Terawatt hours of electricity traded. Contract volumes higher than this⁽¹⁾.
 - ▶ 245 registered participants⁽¹⁾ in these markets (NEM: 181, STTM: 30, DWGM:35)
 - ▶ Due to cross-ownership, trading arrangements, size, relevance and activity, the number of potential medium/large customer entities is <50 participants⁽²⁾
 - ▶ Customers for large scale systems/services potentially ~20-30
 - ▶ A larger customer base (40+) exists for partial systems, tools or services and for energy market data-feeds and the like
- ▶ In the Wholesale Electricity Market (WA) approximately 70 participants^(3,4) are registered (active via 10-20 entities). The gas market in Western Australia is also active.

Note: See Appendix slide for references and/or further reading

Australian Energy Market (cont.)

- ▶ Carbon/Environmental: Market rules also exist for trading in environmental certificates for Renewable Energy Target (RET) and other State based environmental certificate scheme obligations.
- ▶ Informal markets (B2B or *Bilateral*) exist for gas, logistics and other energy commodities
- ▶ Exchange traded contracts for coal, oil and gas also operate in this context
- ▶ These customers are broadly classified into groups dependent upon size/scope of operations:
 - ▶ Vertically integrated generation-and-retail companies (e.g. AGL, Alinta, EA, Origin)
 - ▶ Single purpose companies e.g. generation or retail (Wind farms etc)
 - ▶ Participants such as trading houses, banks and industrial customers
- ▶ Energy One has products and offerings aimed at all groups in the market





Products & Services

Wholesale Energy Trading Suite of Software Products

Energy trading management operations system

EnergyOffer

Physical energy
bidding
platform

A high performance market transaction platform for Electricity and Gas across all major Australian networks

EnergyOne Trading

Energy trading
& risk
management

Proven energy contract management system with full reporting and analytics for energy and carbon trades

EnergyFlow

Energy business
workflow
automation
platform

Automated business operations (logistics, green certificates etc) to reliably reduce workload and realise efficiencies

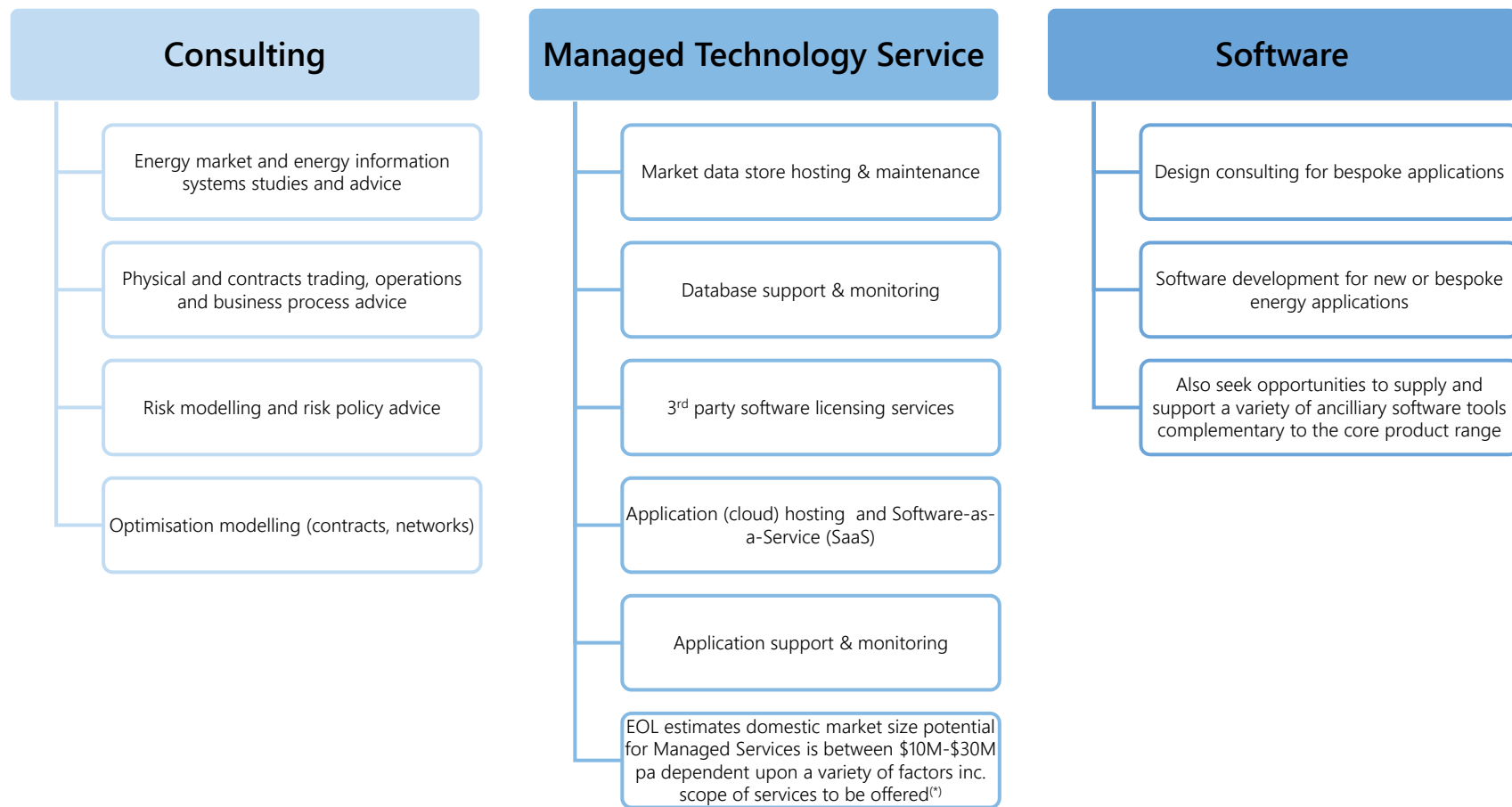
EnergyDashboard and Business Intelligence

User-configured dashboard (alerts, feeds, task manager etc) offering reporting and analytics



Services

As well as provision of software and implementation and support, Energy One offers a complete services for wholesale energy trading clients.



Note*: Internal estimates (for indicative information only) of market size based on a number of assumptions and variables.

EnergyOffer

Multi-commodity, multi-market platform for physical (spot) trading



The Challenge: Achieve compliant, reliable spot energy trading in the fast-moving 24/7 energy markets where prices change every 5 minutes



The Solution: Turnkey enterprise platform for high volume, 24/7 trading across electricity and gas markets



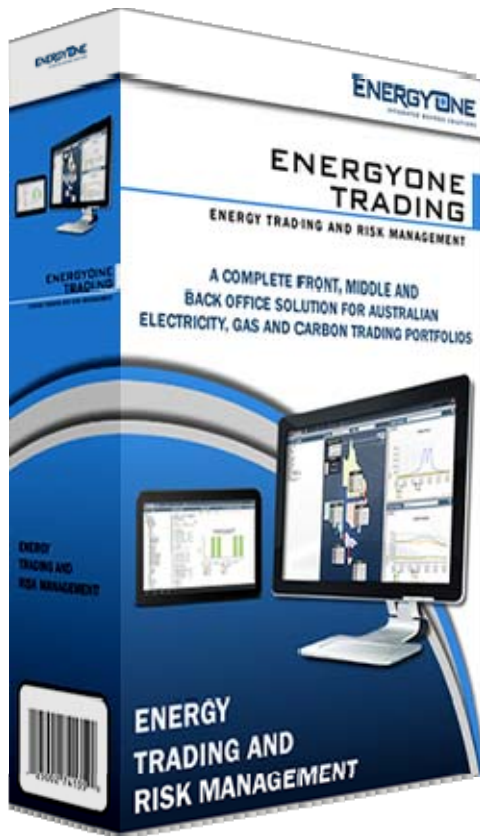
Product range is used for management of 15,000MW+ capacity (25%-30% of NEM, No.1 vendor) and suitable for WA energy trading needs



Delivers: Rapid, reliable and auditable energy bidding (offering). Can efficiently manage bids for 50 generation units simultaneously

EnergyOne Trading

A turn-key, best-in-class ETRM solution for energy clients



The Challenge: To hedge risk, manage and settle a vast variety of complex trading contracts⁽⁵⁾ and energy derivatives



The Solution: Complete, out-of-the-box, integrated energy contracts management system for electricity, gas, environmental and carbon trade management



The Product: Deal capture, valuation, risk, settlements, reporting and full analytics capability, for market, portfolio and position



Delivers: A leading ETRM solution available in Australia in terms of electricity contracts under management, ~20% of total.

EnergyFlow

Energy operations software



The Challenge: To manage the wide variety of individual transactions and tasks associated with energy trading operations and logistics



The Solution: EnergyFlow – A new product to offer simplified, repeatable automation of energy tasks with user configurable tools



The Product: Energy bid preparation, nominations, flows, B2B transactions, settlement processes, certificate management and much more



Delivers: Reduces workload and business risk, simplifies workflows, improve integration across systems. Reduce reliance on spreadsheets.

Overcoming Challenges

Energy One solves challenges for wholesale energy management

Participant	Challenges faced	EnergyOffer	EnergyOne Trading	EnergyFlow	Not yet offered
Generators	Accurate, compliant energy pool bidding	✓			
	Pool reconciliation		✓		
	Energy operations (bid prepn, nominations, logistics)			✓	
	Energy derivatives trading (e.g Swaps)		✓		
	Hedging output in volatile price market		✓		
	Deal capture, risk management, settlements		✓		
	Renewable energy trading	✓	✓	✓	
Retailers	Hedging load against pool		✓		
	Load & price forecasting				x
	Energy derivatives trading & management		✓		
	Pool reconciliation		✓		
	CRM & Billing for large customers		✓		
	Logistics (e.g. pipelines)			✓	
	Renewable energy trading	✓	✓	✓	
	Mass market billing				x
Pipelines	Deal capture, settlements		✓		
	Contract and network optimisation			✓	
Customers (Retail)	Carbon accounting				x
	Carbon trading management		✓		
	Energy monitoring				x
	Derivatives/contracts management		✓		



Market Potential & Competitive Position

Clients & Customers

Energy One works with energy market participants

- ▶ Large Retailers – of gas and electricity, with customer bases of millions of customers
- ▶ Energy generators representing 15 GW+ of capacity, including:
 - ▶ Baseload power stations
 - ▶ Peak load generators
 - ▶ Renewable energy suppliers
- ▶ Traders with complex proprietary trading portfolios
- ▶ Hedge funds
- ▶ Environmental certificate traders
- ▶ Recently signed agreements with 2 large energy companies for supply of systems

Note: Full Customer name list/detail is not discloseable due to confidentiality arrangements with certain customers

Market Potential by Product Type

Energy One works with blue-chip energy market participants



- ▶ Fragmented market. Mix of vendors and proprietary in-house systems
- ▶ Product needs vary by country and market
- ▶ Includes market monitoring, data analysis, physical market offers for electricity, gas and services. EOL can offer products to address a range of these activities
- ▶ Little research exists for market size.
- ▶ EOL management estimates indicate potential market size for Australia in the range of \$6M-\$12M p.a^(*), depending on services offered



- ▶ The term for this family of systems is *Energy Trading and Risk Management (ETRM)*. Mature, established market for ETRM
- ▶ Global Market size (vendor-supplied) estimated⁽⁶⁾ to be \$650M. Asia Pacific is ~\$75M
- ▶ Typical split: Licence Fees (25%), Services (48%), Support and Maintenance (23%) and Hosting (3.5%). Growth expected of 5% p.a
- ▶ EOL estimates total Australian energy market potential for ETRM provision to be around \$10M-\$20M p.a^(*)



- ▶ Fragmented market. Little information on market sizing available
- ▶ Mix of vendors for some aspects and spreadsheets or in-house systems for others. Still highly reliant on human effort
- ▶ Product needs vary by country and market. There is a common global need to ensure efficient, reliable operations across diverse energy portfolios. Strong B2B focus.
- ▶ Includes energy logistics, trading, nominations, scheduling, optimisation and workflow automation. EnergyFlow product is innovative solution
- ▶ EOL estimates domestic market potential size in the range of \$5M-\$10M p.a^(*) dependent on services offered

Note*: Estimates only (for indicative purposes). Annualised estimates used to represent a view of market and take account of variable and non-predictable customer procurement patterns due to capex/renewal cycles, market investment sentiment, variable project sizes and lead times.

Competitive Landscape

Energy One offers broad and deep solution set

	Energy One	Competitor 1 "Global player"	Competitor 2 "Local niche vendor"	Internal Build ⁽⁷⁾
Australian market-compliant	Yes	No	Yes	Yes
Software-as-a-Service (SaaS)	Yes	No	No	No
Cloud-based offerings	Yes	No	No	Possible
Broad product suite	Yes	Yes	No	No
CRM/ERP Integration	Yes	Yes	No	Yes
Multi-market	Yes	Yes	No	Yes
Multi-commodity	Yes	Yes	Partial	Yes
Carbon/environmental	Yes	Yes	No	Yes
Analytics & reporting	Yes	Yes	Yes	Yes
Turnkey installation	Yes	No	Yes	No
Value-added IT services	Yes	No	No	N/A
Roadmap of improvements	Yes	Yes	Yes	No
Shared support network	Yes	Partial	Yes	No



Growth opportunities

Expansion Plan

Near term growth strategy

Diversification

Product range. Considerable investment made to produce innovative new products to address market needs

Opportunity exists to add/enhance tools and features to existing product range to address other energy business needs

Develop and offer value-added services to complement software (hosting/IT services/analytics)

Annuity-based pricing model (SaaS based on users and functionality)

Migrate customers to newer versions and cross-sell to additional products

Grow customer base

Offer suite of products/services as single-vendor solution for customers

Geographic expansion overseas to countries with similar regimes.

Overseas growth to be from a solid domestic platform

Adapt products for sale in overseas markets

Adjunctive or overlapping industries

Grow by acquisition

Acquire other vendors with complementary products/services

Act as distributor for other software to enable "one-stop-shop" for customers

Offer products to industry verticals with similar data-intensive structures.

EnergyFlow product launched in 2013

Domestic market sales is ongoing - sales tools such as trials and demos to market. Company has signed 2 new customers in 2014

We have successfully integrated and leveraged 2 acquisitions in the past 5 years.



Financials

Income Statement

Income Statement			
\$'000	2012	2013	2014
Revenue	2,262	1,844	2,848
Other revenue	674	601	606
Direct project related costs	(208)	(30)	(56)
Employee benefits expense	(2,406)	(1,459)	(1,713)
Rental expense	(160)	(153)	(160)
Consulting expense	(230)	(257)	(367)
Insurance expense	(50)	(46)	(44)
Accounting fees	(41)	(52)	(62)
Other expenses	(442)	(224)	(172)
EBITDA	(601)	226	880
D&A	(329)	(437)	(542)
EBIT	(930)	(211)	338
Interest	-	-	-
Tax	-	-	-
NPAT	(930)	(211)	338
<i>EPS (cps)</i>	<i>(5.23)</i>	<i>(1.18)</i>	<i>1.90</i>

Comments

Increase is from investment over past 2 years including contract wins with 2 major Australian energy utilities

R&D Grant and interest. Consistent based on development spend.

Overall increase reflects increase in activity associated with winning and commencing implementation of new projects

EOL employs consultants (Associates) to perform certain technical tasks. Increase reflects ramp-up for product/project kick-offs associated with new sales in FY.

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Amortisation of development expenses (\$488k) and Fixed asset depreciation (\$54k)

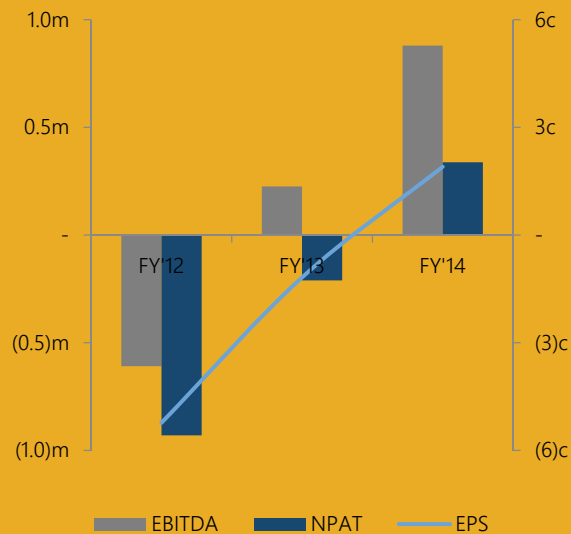
No debt

Tax losses of ~\$600k have not been recognised

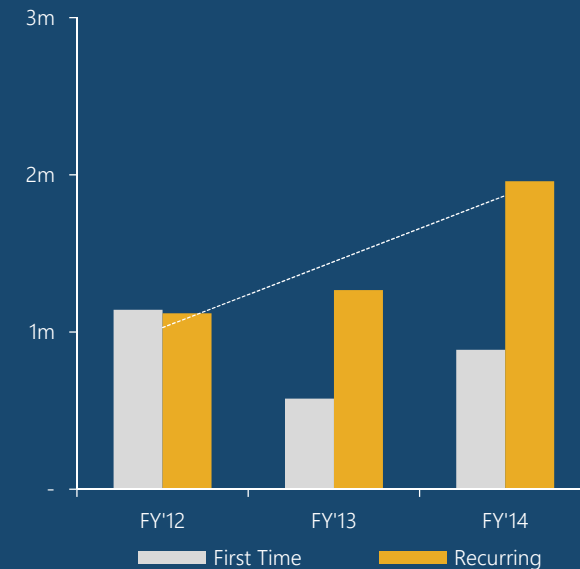
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Income Statement (Cont)



Goal: Leverage the new product/project investment to grow revenue and increase margin on future projects.



EOL leverages first-time engagements to generate recurring licence and support fees, accounting for ~70% of FY14 revenue
Goal: Continue to grow recurring revenue to underpin business

Balance Sheet

Balance Sheet			
\$'000	2012	2013	2014
Cash and cash equivalents	1,844	1,721	1,398
Trade and other receivables	960	835	2,190
Other current assets	25	29	36
Total Current Assets	2,829	2,585	3,624
Plant and equipment	218	147	96
Intangible assets	1,512	1,828	2,030
Other assets	104	104	104
Total Non-Current Assets	1,834	2,079	2,230
Total Assets	4,663	4,664	5,854
Trade and other payables	173	129	479
Deferred revenue	565	663	1,050
Short-term provisions	100	115	104
Total Current Liabilities	838	907	1,633
Deferred revenue	163	290	388
Long-term provisions	18	34	61
Total Non-Current Liabilities	181	324	450
Total Liabilities	1,019	1,230	2,083
Net Assets	3,644	3,434	3,771

Comments

Reduction in cash the result of investment into development of product suite.

Increase in receivables (\$650k) from project wins in H2/14. Accrued income (\$720k) is new work or upfront licence fees not yet invoiced as performance/progress payments apply during project roll-outs. Unwinds as projects progress to completion.

Asset reduction due to amortisation

Investment in new software products is capitalised until product is ready for use. Goodwill of \$617k relates to acquisition of software businesses in 2008 and 2012

Rental Bond

Includes accrued employee bonus pool and consultant /directors fees in 2014

Advance payments for support and services. Increases as new sales/projects won..

Deferred R&D revenue.

Summary

An exciting market, good products & services and sound management track record

Market potential – energy trading software is exciting and important segment. Customers are blue-chip.

Compelling value proposition – EOL offers mission-critical, enterprise grade software and services to enable customers to realise efficiencies and improve compliance and profitability.

Market leadership - leading domestic vendor of energy trading systems measured by energy under management.

Experienced leadership and team with reputation and influence in the energy trading industry.

Strong investment in R&D has resulted in new products to address market growth prospects. Prudent financial management and cost control backs up opportunity to leverage potential.

A strong vision and strategy to lead the market segment. A track record of successful integration of acquisitions and plans for future growth.

Contact Us

To participate in the future of Energy One

Energy One is a leader in the market, with scope to capitalise on its investments, capabilities and asset base to deliver sustained, long term growth

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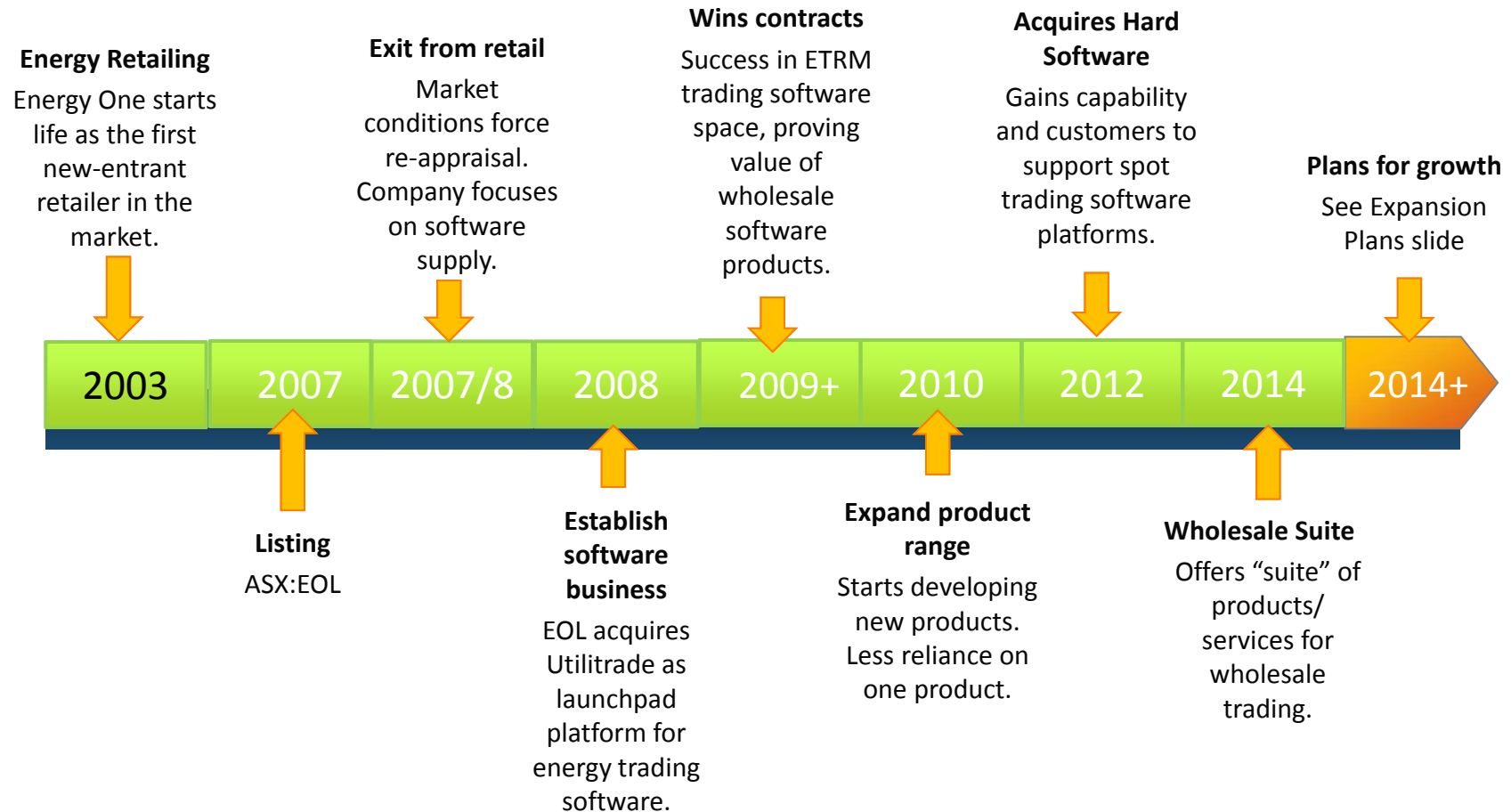




Appendix

Company history

Change of focus from retail to energy software



References & Further information

1. AEMO Annual Report 2013 www.aemo.com.au/About-AEMO/Corporate-Publications/AEMO-Annual-Report and https://asxenergy.com.au/newsroom/energy_focus/cal_2013
2. EOL management estimate based on publicly available data. www.aemo.com.au/Electricity/Registration/Participant-Categories
3. data.imowa.com.au/#participants
4. www.imowa.com.au/explore-the-market#diversification
5. There are numerous, complex contracts traded within energy, including, as a sample - swaps, caps, floors, options (swaptions, captions, floptions), load-following, profiled, triggered, carbon passthrough, take-or-pay, swing, banking, futures, environmental certificates and weather derivatives. These must be captured, valued, accrued, settled and reported within a reliable, auditable system.
6. EOL analysis of the 2013 CTRM Global Market Size Report: ComTech Advisory LLC <http://www.ctrmcenter.com/publications/reports/market-sizing-2013/>. Does not include additional markets for ancillary tools for forecasting (price, load), analytics, risk, valuation, industrial billing and other needs.
7. "Build or Buy" is often a value-decision for customers. As such, EOL considers internal-build (and legacy) systems are a competitor to sales.