

Thursday, 30 October 2014

## ERM POWER APPOINTS NEW MANAGING DIRECTOR

ERM Power Ltd (ASX: EPW) today announces the appointment of Jon Stretch to the position of Managing Director of the company. Mr Stretch will commence with ERM Power on 2 February 2015.

ERM Power Chairman, Tony Bellas, said: "The Board of the company is delighted to announce the appointment of Jon Stretch as ERM Power's new Managing Director. Jon is an experienced chief executive with broad international experience in the information technology, telecommunications and Industrial sectors.

Jon's background in systems and process engineering as well as B2B and B2C sales and marketing has enabled him to lead business transformation and growth in Australia and internationally.

ERM Power has experienced tremendous growth since entering the retail market in 2008. The Board is confident that Jon's corporate and team leadership credentials and track record in formulating and executing business strategy will ensure we take advantage of our scale to deliver positive results for our existing customers and shareholders effectively while continuing to identify new market opportunities which will maintain ERM Power's strong growth trajectory."

Prior to joining ERM Power, Mr Stretch was the Executive Vice President, Europe, Middle East and Africa for Landis+Gyr. The Landis+Gyr Group is the leading provider of smart metering and energy management solutions globally. Mr Stretch joined Landis+Gyr as Executive Vice President Asia Pacific in 2008, and in 2010 moved to Switzerland to take up the EMEA position.

Prior to joining Landis+Gyr, Mr Stretch was CEO of AAPT, an Australian based telecommunications company, wholly owned by Telecom New Zealand and was based in Sydney. He has had extensive experience in Asia and Europe in IT and Telecommunications, starting his career with IBM in Australia in 1986. He spent six years in Hong Kong with both IBM and AT&T running substantial cross regional telecommunications services businesses, as well as several years running AT&T's business across Europe, Middle East and Africa, based in Paris, France. Mr Stretch is a graduate of the University of Melbourne (1986).

Mr Stretch said: "I am excited by this opportunity and look forward to working with ERM Power's highly talented executive management team in leading the company in the next phase of its growth and development as the fourth pillar in the Australian electricity retailing market."

Mr Stretch's appointment followed an extensive global search undertaken by the international recruitment firm, Korn Ferry.

Mr Stretch will join ERM Power on 2 February 2015 and will be based out of ERM's national headquarters in Brisbane.

In the interim until 2 February, ERM Power's Chief Financial Officer, Mr Graeme Walker, will take on the duties of CEO.

A summary of the key provisions of Mr Stretch's employment agreement is attached.



Peter Jans  
Group General Counsel & Company Secretary  
ERM Power Limited

**For further information**

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**About ERM Power**

ERM Power is a dynamic Australian energy company with interests in electricity sales, generation and metering, and gas production and exploration. Trading as ERM Business Energy and founded in 1980, we have grown to become the 4th largest electricity retailer in Australia with operations in every state and the Australian Capital Territory. We initially focused on larger businesses but now offer our industry leading services to small businesses. We have equity interests in 497 megawatts of low emission, gas fired peaking power stations in Western Australia and Queensland, operate an electricity metering business that trades as Powermetric, sell conventional gas and condensate from onshore discoveries in Western Australia, and have gas exploration operations in Western Australia and New South Wales.

## **Attachment - Summary of Material Terms of the Executive Service Agreement**

### **The position**

Managing Director and Chief Executive Officer.

### **Fixed Remuneration**

Base annual remuneration: \$800,000, reviewed annually by the Board.

### **Short Term Incentive (STI)**

A reward for annual performance in a range from 0 - 100% of fixed remuneration. 50% of STI is payable in cash and 50% in Units in the ERM Power Short Term Incentive Share Trust (STIST). STI is focused on achieving profit and operational targets set by the Board annually.

For Year 1 (2 February - 30 June 2015), a pro rata STI award of \$333,333. 50% will be paid in cash following release of the FY15 financial results and 50% in STIST Units that will be deferred until 30 June 2016, subject to continuing employment.

### **Long Term Incentive (LTI)**

An annual grant of Units in the ERM Power Long Term Incentive Share Trust (LTIST) in a value range of 0 - 75% of fixed remuneration. For Year 1 (2 February - 30 June 2015), an initial grant of LTIST Units as follows:

- \$250,000 with a notional issue price equal to the VWAP of shares applicable to FY15 grants to other executives made following the release of the FY15 results;
- vesting condition: 50% vest on a minimum 50th percentile achievement of Total Shareholder Return (TSR) from commencement to 30 June 2017 against a comparator group, being those companies in the Standard & Poor's (S&P) ASX 300 index, up to a maximum 100% on achieving 75th percentile TSR performance against the comparator group;
- if the executive resigns or is terminated, the Units will lapse but early vesting may occur if employment ceases due to redundancy, death, permanent disability or in circumstances the Board determines appropriate.

### **Additional Deferred Remuneration**

On condition that the executive remains employed at 2 July 2016, or has ceased employment other than by resignation or summary dismissal, ERM Power will provide deferred remuneration of \$600,000 as follows:

- performance rights over a number of shares calculated as \$600,000 divided by the VWAP of shares in the 10 trading days before the date of appointment, vesting on 2 July 2016;
- if shareholders do not approve the grant of performance rights, paid as a cash bonus; or
- in such other form as agreed between the company and the executive.

### **Termination**

Termination may be instigated by either party on 6 months' notice.

**Restraint**

A restraint for a 12 month period after ceasing employment regarding involvement in a competitor covering markets in which ERM Power operates.

**Shareholder Approvals**

Grants of Units in the STIST, Units in the LTIST and performance rights are subject to any necessary approvals of shareholders which will be sought at the 2015 Annual General Meeting. If approval is not given for the STI or LTI, ERM Power will either satisfy the entitlements by arranging for the acquisition of shares on market when Units would have vested, or in cash.