

Thursday, 30 October 2014

## CHAIRMAN'S ADDRESS AND CEO'S PRESENTATION

Please find attached the following documents, which will be presented at the Annual General Meeting of ERM Power Limited which commences at 11:30am on 30 October 2014, in compliance with listing rule 3.13.3:

1. Copy of Chairman's Address
2. Copy of CEO's Presentation

Regards,



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.

Thursday, 30 October 2014

## CHAIRMAN'S ADDRESS

### ANNUAL GENERAL MEETING

#### **FY2014 results**

Let me begin by saying that 2014 was another successful year for ERM Power in which the Company continued to thrive and grow in a dynamic and evolving electricity market. Not only has our strong earnings growth continued, but the changing demand environment has confirmed the value of our strategy to focus on business users.

Notwithstanding this, it is disappointing that our share price is well down on where it was at this time last year. All of us as shareholders are disappointed but the Board is determined to continue to drive the performance of this Company and make decisions in the interests of long term shareholder wealth.

Before I continue I want to emphasise how pleased we are that the Company maintained its excellent record for safety, which remains our top priority.

Turning from safety to financial performance, we consolidated our position as one of the four pillars of the Australian energy sector as our electricity sales business drove us to record sales, underlying profits and dividends. Our exceptional service for business customers has enabled ERM Power to continue to make competitive gains in the large business market where we are now the second largest retailer. We also have a growing share of the small business segment and a reputation for service that is second to none.

Our generation assets remain an important part of ERM Power and made another solid contribution to the overall result, delivering reliable earnings and providing internal hedging and other opportunities.

Finally, our gas business earned its first operating profits, from Red Gully gas and oil production. While much is changing in the electricity business, at ERM Power we are certain that we have the right focus and the right combination of businesses to maintain our growth.

#### **Macquarie Generation bid**

During the year we participated in the NSW Government's sale process for Macquarie Generation. This was a rare opportunity to acquire low cost base-load generation capacity in a favourable environment.

Although our business is not dependent on owning generation, these NSW assets are among the lowest-cost electricity generation capability in the State, and the competition environment suggested that there was an opportunity to broaden the ownership of electricity infrastructure in NSW for the benefit of electricity consumers.

We submitted a well-considered, fully funded bid and despite the Australian Competition and Consumer Commission ruling against the sale of MacGen to AGL, ultimately it was approved on appeal and our bid was unsuccessful.

The Australian electricity market has surplus base load generation capacity and we expect this to be the case for many years. This means that the wholesale market for acquiring electricity is very healthy and in this environment ERM Power is well-positioned and does not need to own generation. Accordingly, let me make it very clear - our participation in the MacGen process was the result of very specific circumstances and we do not intend to participate in the large-scale generation asset disposal processes anticipated in the near term in Queensland.

### **US expansion**

Moving now onto the potential expansion of ERM Power into the United States. As we discussed most recently when we released our full year results, we have not made a decision to enter the US electricity retailing market but we are undertaking a feasibility study on the merits of expanding the ERM Business Energy model into the U.S. The U.S. business electricity market has similar characteristics to the Australian market and as part of that study, we are assessing a range of entry options, all on a very modest scale.

To give some context, we started retailing electricity in Australia some seven years ago with a capital base of around \$20 million. Should we ultimately decide to proceed, it will be on the basis of an even smaller initial capital commitment and would not require a capital raising as it would be funded from available cash.

### **Managing Director appointment**

Our full year results were accompanied by the announcement that Philip St Baker would step down as CEO on 31 October, which is tomorrow.

As a Board we respect Phil's decision, but we are sorry to see him go and wish him well for the future.

I would like to briefly describe some of the Company's achievements over the last eight years as Phil and the management team executed the strategy set by the Board:

- Establishment of an electricity sales business which has grown to be the second largest retailer to large business in Australia
- Establishment of an oil and gas exploration business with two discoveries, production and sales
- Successful transition from private ownership to public listing on the ASX in 2010
- Expansion of our ERM Business Energy brand into the small business segment
- Expansion of our power generation business including 100% ownership of Oakey Power Station
- More recently, expansion of products and services into metering and gas retailing
- Last but not least, the company has enjoyed strong growth in sales, earnings and dividends, and much more

Phil leaves ERM Power in great shape with a proven leadership team and staff that have gladly and enthusiastically contributed to its success over many years. We are well positioned to meet future challenges in energy markets and for continued strong growth.

Following Phil's resignation we commissioned international recruitment firm, Korn Ferry, to conduct an extensive global search for a Managing Director.

We are delighted to have announced today that ERM Power has appointed Jon Stretch to the position of Managing Director of the company. Mr Stretch will commence with ERM Power on 2 February 2015 and will be based out of ERM's national headquarters in Brisbane.

Jon is an experienced chief executive with broad international experience in the information technology, telecommunications and Industrial sectors.

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.

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.

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

## **Outlook**

Turning to the current financial year, the Company continues to perform strongly and remains on track to achieve previously announced full year guidance.

As of today, our electricity sales business has signed contracts for 88% of forecast FY2015 sales of 17 terawatt hours (TWh), which is similar to the proportion of forward sales a year ago. In the small business segment we have added more than 1,000 customers a month over the last six months. We now have about 22,000 small business customers contracted across four states.

Turning to our generation business, we are well placed to take advantage of vertical integration benefits when Oakey Power Station comes off its power purchase agreement on 1 January 2015. In addition, we have entered into various agreements taking advantage of current short term excess gas supplies in Queensland.

In keeping with our strategy to expand our services around the business energy market, our newly established electricity metering business has received regulatory accreditation to begin operations and has installed its first meters.

Our aim is to broaden the product offering to our customers. Consistent with this strategy, we will start retailing gas initially through a trial to about 15 customers in January.

We have also moved forward with restructuring our gas assets as evidenced by the announcement today from Empire Oil & Gas that we have executed binding documentation to sell our Western Australian gas assets to Empire for \$15.1 million. If approved by Empire shareholders, this transaction will allow ERM Power to focus more of its capital on growing the energy retailing business.

## **Acknowledgements**

Finally, I would like to acknowledge the support of my fellow Board members, the leadership of Phil and his executive team and the hard work and commitment of our staff over the last year.



# RESULTS PRESENTATION – AUGUST 2014 (RE-PRESENTED AT AGM)

12 months to 30 June 2014

30 October 2014

# IMPORTANT NOTICE - DISCLAIMER

## Disclaimer

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of ERM Power Limited (ERM Power) and certain plans and objectives of the management of ERM Power.

Such forward-looking statements involve both known and unknown risks, uncertainties, assumptions and other important factors which are beyond the control of ERM Power and could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements.

None of ERM Power, its officers, advisers or any other person makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statements or any outcomes expressed or implied by any forward-looking statements.

The information contained in this presentation does not take into account investors investment objectives, financial situation or particular needs. Before making an investment decision, investors should consider their own needs and situation and, if necessary, seek professional advice.

To the maximum extent permitted by law, none of ERM Power, its directors, employees or agents, nor any other person accepts any liability for any loss arising from the use of this presentation or its contents or otherwise arising out of, or in connection with it.

## Non-IFRS information

This document may contain certain non-IFRS financial measures and other defined financial terms.

The directors believe the presentation of certain non-IFRS financial measures is useful for the users of this document as they reflect the underlying financial performance of the business. The non-IFRS financial measures include but are not limited to:

EBITDAIF - Earnings before interest, tax, depreciation, amortisation, impairment and net fair value gains / losses on financial instruments designated at fair value through profit and loss and gains/losses on onerous contracts, including profit from associates.

Underlying profit or Underlying NPAT - Statutory net profit after tax attributable to equity holders of the Company after excluding the after tax effect of unrealised marked to market changes in the fair value of financial instruments, impairment and gains/losses on onerous contracts.

All reference to \$ is a reference to Australian dollars unless otherwise stated. Individual items, totals and percentages are rounded to the nearest appropriate number or decimal. Some totals may not add down the page due to rounding of individual components.

# SAFETY, ENVIRONMENT & COMMUNITY

- Outstanding safety record maintained with no lost time injuries by staff or contractors
- No reportable environmental incidents or breaches of environmental licence conditions
- Supported community groups through partnerships and sponsorships
- Sponsored Brisbane International tennis tournament for second successive year



2014 Brisbane International winner Lleyton Hewitt

# SIGNIFICANT ACHIEVEMENTS



Oakey Power Station



Industry leading service

- Revenue of over \$2 billion, up 32%
- Electricity sales of 14.1 TWh, up 27%
- Underlying profit of \$57.0 million, compared to \$15.7 million in FY 2013
- Now 2<sup>nd</sup> biggest retailer to large businesses
- Rated no.1 for customer satisfaction for third consecutive year
- Good progress in the small business market
- Generation profit up 19% from FY 2013
- Moved to 100% ownership of Oakey and paid out all facility debt
- Bid for Macquarie Generation assets
- Established electricity metering business

# FULL YEAR RESULTS

	FY 2014	FY 2013	% change
Revenue and other income (\$m)	2,076.5	1,569.6	+32%
EBITDAIF (\$m)	74.2	69.8	+6%
<i>Ex. significant items<sup>1</sup> (\$m)</i>	84.6	78.4	+8%
Statutory NPAT (\$m)	(23.1)	38.5	N/A
Underlying NPAT (\$m)	57.0	15.7	+263%
<i>Ex. Oakey transaction items (\$m)<sup>2</sup></i>	19.0	15.7	+21%
<i>Ex. Other significant items (\$m)<sup>3</sup></i>	26.3	20.0	+32%
Interim Dividend (cps) fully franked	6.0	5.0	+20%
Final Dividend (cps) fully franked	6.0	5.5	+10%

- Continued growth in EBITDAIF and Underlying NPAT which were in line with guidance and best reflect underlying business performance
- Statutory NPAT includes unrealised net fair value loss on financial instruments (\$115.6m unrealised loss versus \$29.8m unrealised gain in prior year) which is excluded from underlying NPAT

<sup>1</sup> Excludes the following significant items: FY2013: Neerabup contractor arbitration costs (\$4.4m), new business establishment costs (\$3.4m), restructuring costs (\$0.8m); FY2014: Macquarie Generation bid costs (\$6.1m), new business establishment costs (\$3.9m), legal fees in relation to Empire Oil action (\$0.9m) and Neerabup contractor arbitration costs net of contributions received (\$0.5m credit)

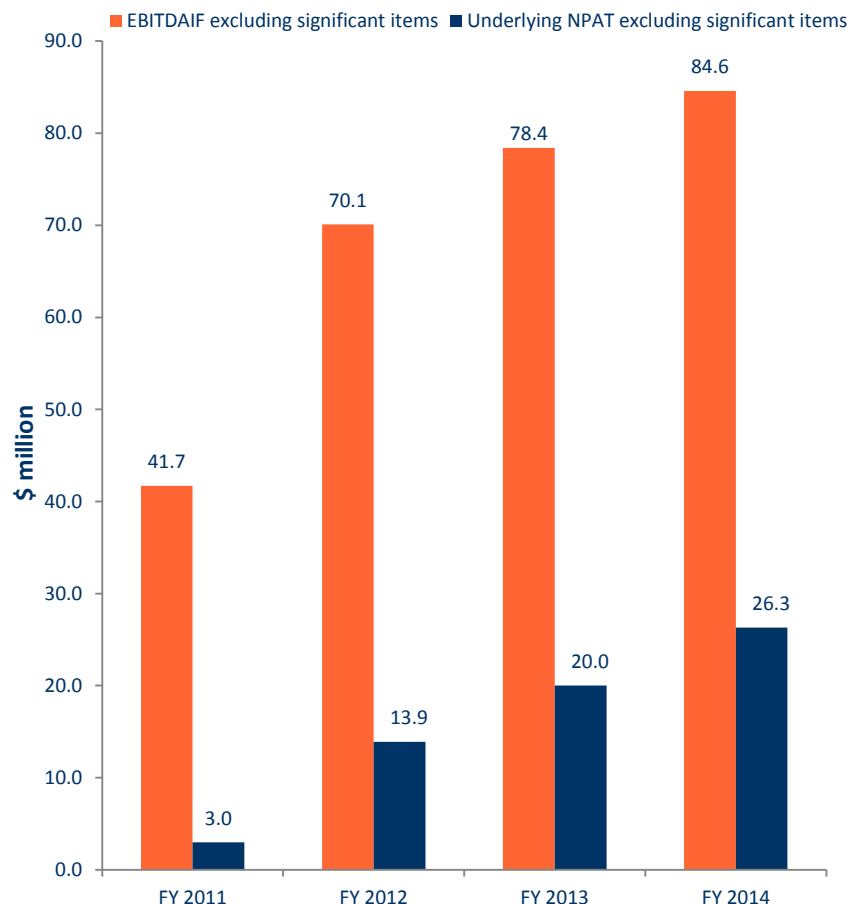
<sup>2</sup> Underlying NPAT excluding the \$39.1 million tax benefit recognised as part of the Oakey minority interest buyout and excluding \$1.1 million finance cost net of tax resulting from early repayment of the Oakey term debt following the acquisition

<sup>3</sup> Underlying NPAT excluding the Oakey significant transaction items and other significant items. Other significant items in FY 2014 were new business establishment costs, Macquarie Generation bid costs, Neerabup contractor arbitration costs net of any contributions received and legal fees in relation to the Empire Oil action. Other significant items in FY 2013 were new business establishment costs, restructuring costs, Neerabup contractor arbitration costs and a favourable prospective depreciation adjustment to the useful life of certain components of generation equipment



# CONSISTENT GROWTH IN EARNINGS

## EBITDAIF<sup>1</sup>, Underlying NPAT<sup>2</sup>



- FY 2013-FY2014
  - 8% growth in EBITDAIF
  - 32% growth in underlying NPAT

- FY 2011-FY2014
  - 19% CAGR<sup>3</sup> growth in EBITDAIF
  - 72% CAGR<sup>3</sup> in underlying NPAT

<sup>1</sup> Excludes the following significant items:

FY2011: gain on asset sale (\$4.8m credit); FY2012: discount on acquisition of controlling interest in Oakey Power Station (\$19.1m credit) and Neerabup contractor arbitration costs (\$3.8m); FY2013: Neerabup contractor arbitration costs (\$4.4m), new business establishment costs (\$3.4m), restructuring costs (\$0.8m); FY2014: Macquarie Generation bid costs (\$6.1m), new business establishment costs (\$3.9m), legal fees in relation to Empire Oil action (\$0.9m) and Neerabup contractor arbitration costs net of contributions received (\$0.5m credit)

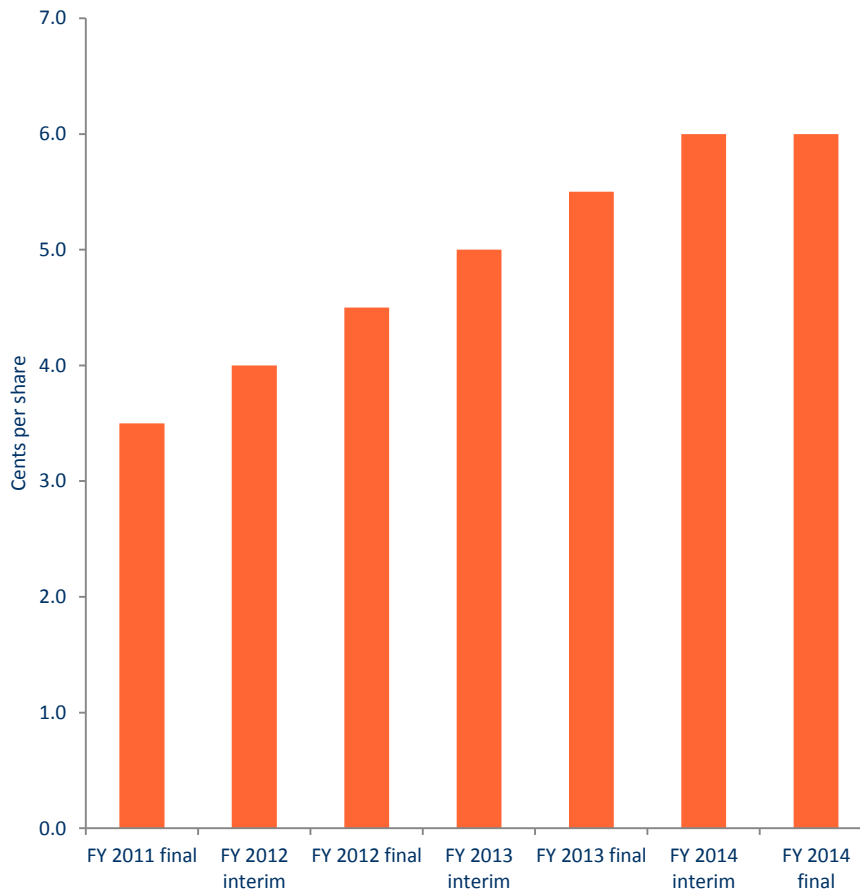
<sup>2</sup> Excludes the following additional significant items:

6 FY2013: prospective depreciation adjustment (\$2.4m credit) and tax effect of significant items (\$1.9m credit); FY2014: Oakey debt repayment costs (\$1.6m), tax effect of significant items (\$3.6m credit) and tax effect of Oakey minority interest buyout (\$39.1m credit)

<sup>3</sup> Compound annual growth rate

# CONSISTENT GROWTH IN DIVIDENDS

## Dividends



- Strong growth in dividends since IPO
- All dividends fully franked to date

# ELECTRICITY SALES

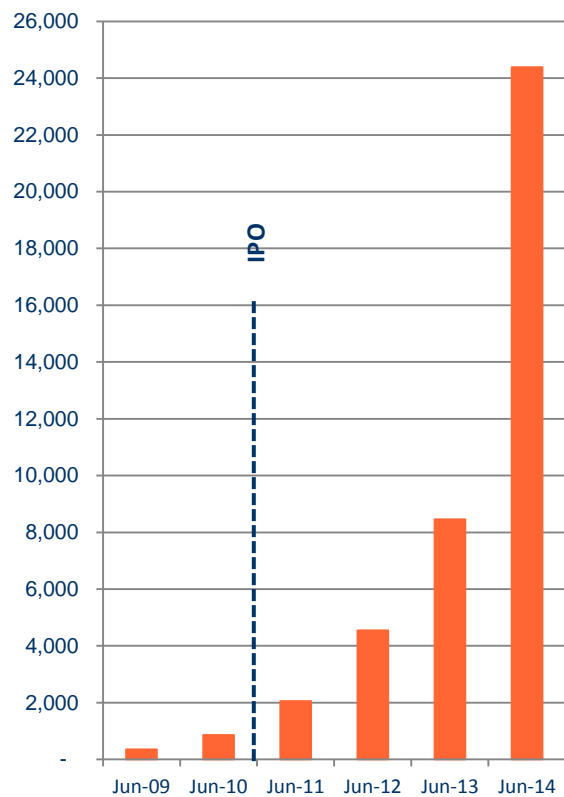
	FY 2014	FY 2013	% change
Sales Volume (TWh)	14.1	11.1	+27%
Revenue (\$m)	1,995.7	1,493.0	+34%
EBITDAIF (\$m)	41.8	38.3	+9%
<i>Ex. significant items<sup>1</sup> (\$m)</i>	44.6	42.0	+6%

- Revenue growth outstripped sales volume growth due to increases in network costs and environmental legislation including carbon tax
- Gross margins softer due to higher hedging costs for carbon repeal uncertainty, higher competition from hydro entities with carbon advantage, and general inefficiencies caused by green schemes changes
- Unit operating costs abnormally high with small business capability investment ahead of sales build-up, which is underway
- Well positioned with 25% growth in forward contracted sales for next two financial years to 23.6 TWh at 30 June 2014

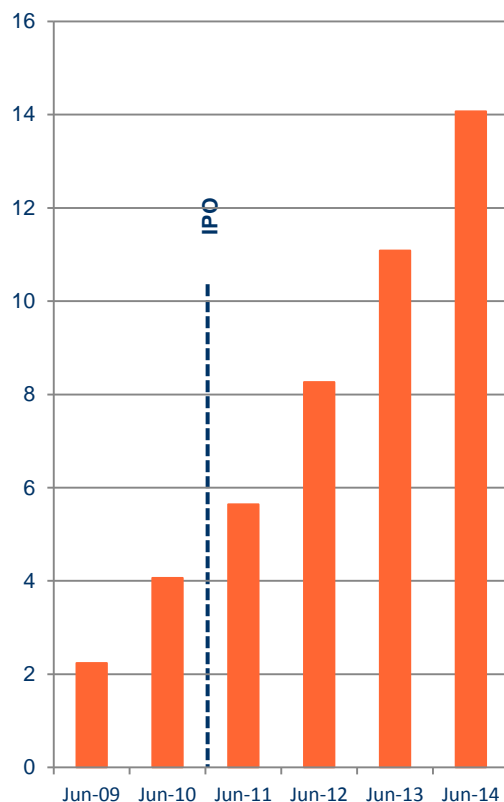
<sup>1</sup> EBITDAIF excluding new business establishment and restructuring costs

# ELECTRICITY SALES TRENDS

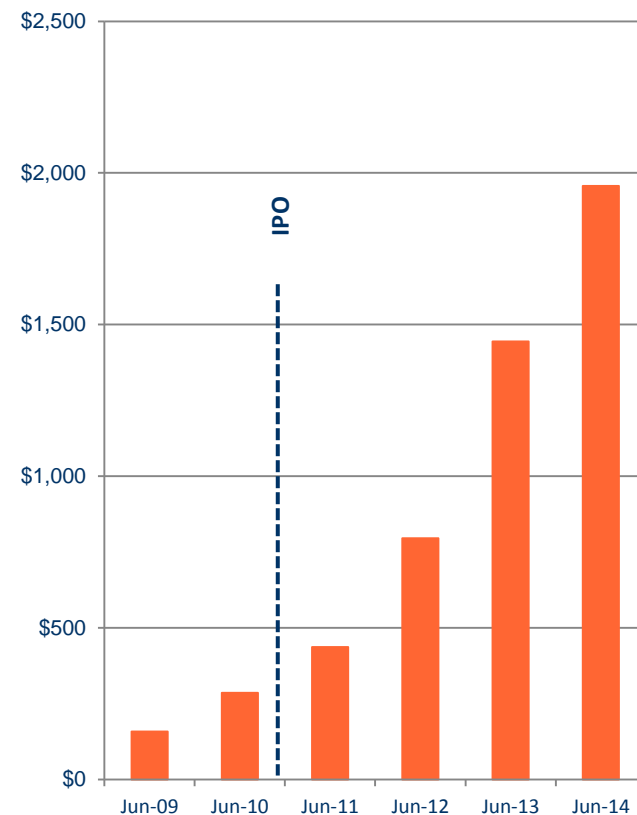
Customers (NMIs<sup>1</sup>)



Annual Sales (TWh)



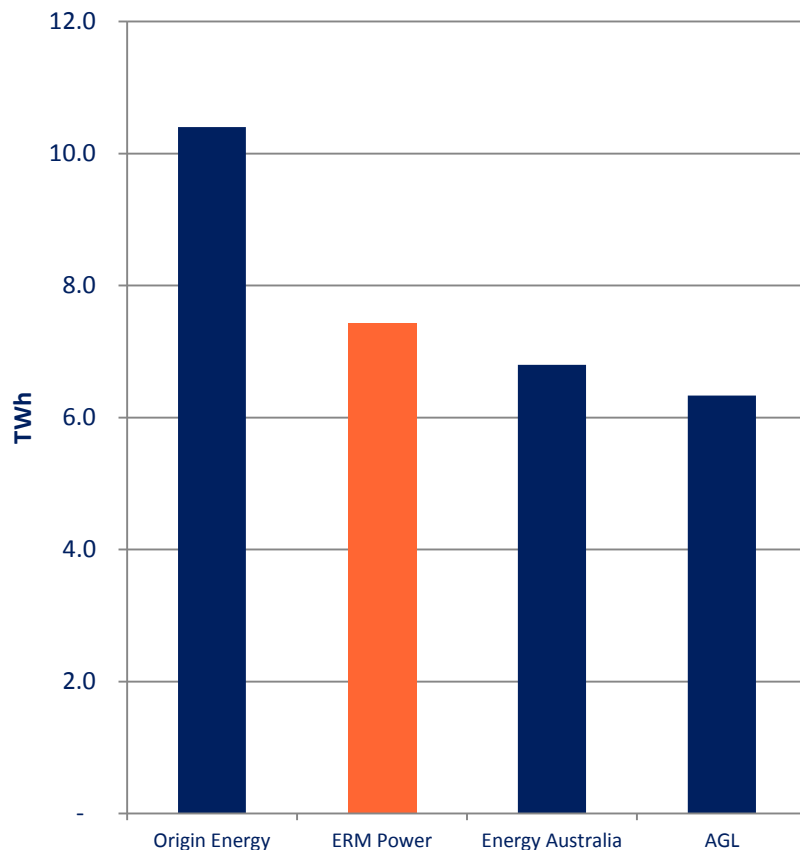
Annual Billing (ex. GST) (\$m)



<sup>1</sup> National Meter Identifiers – unique identifiers for sites that can choose a retail supplier. A customer may have more than one site and more than one NMI

# NO.2 IN LARGE BUSINESS MARKET

Electricity sales to large business  
(January to June 2014)

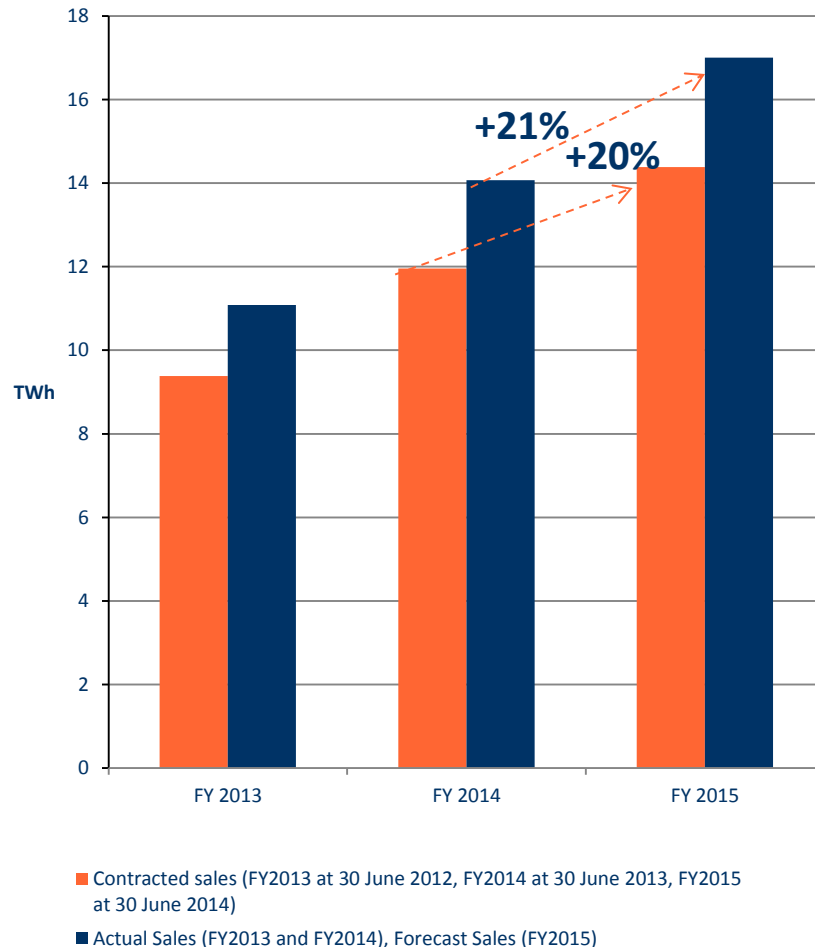


- Now the 2<sup>nd</sup> <sup>1</sup> largest retailer to large businesses and continuing to grow
- 7.4 TWh of electricity sales in this segment in the second half of FY 2014
- Reached no.2 position after just seven years of operations

<sup>1</sup> Based on ERM Power analysis of latest published financial information

# GROWTH IN CONTRACTED SALES

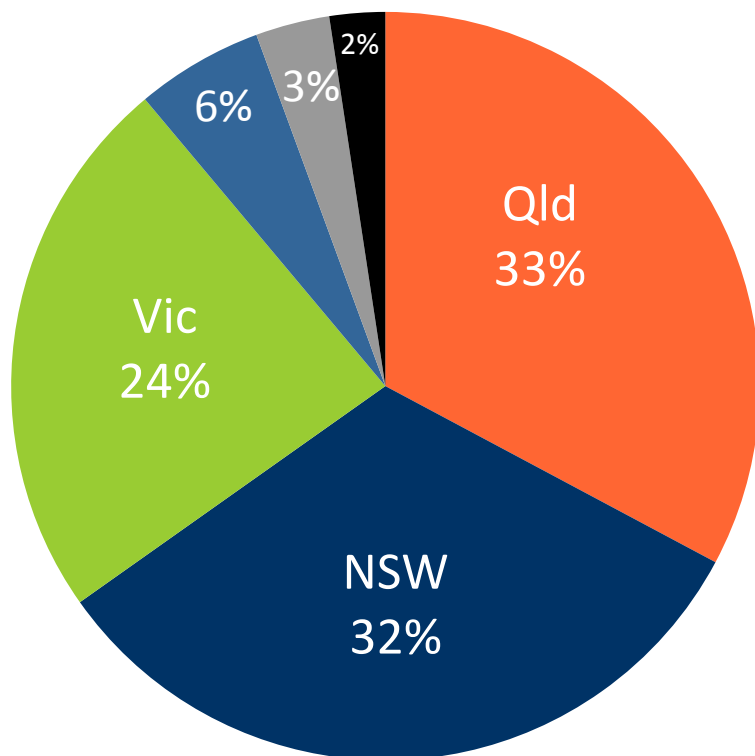
## Forward sales contracts



- Electricity sold in 2.5-3 year contracts which are signed in advance of start date
- 85% of FY2015 forecast sales have been contracted
- FY 2015 contracted sales currently 20% higher than FY2014 contracted sales at the same time a year ago
- FY 2015 forecast sales are 21% higher than FY2014 actual sales

# DIVERSIFIED CUSTOMER BASE

Sales (GWh) by Region (July 2014)



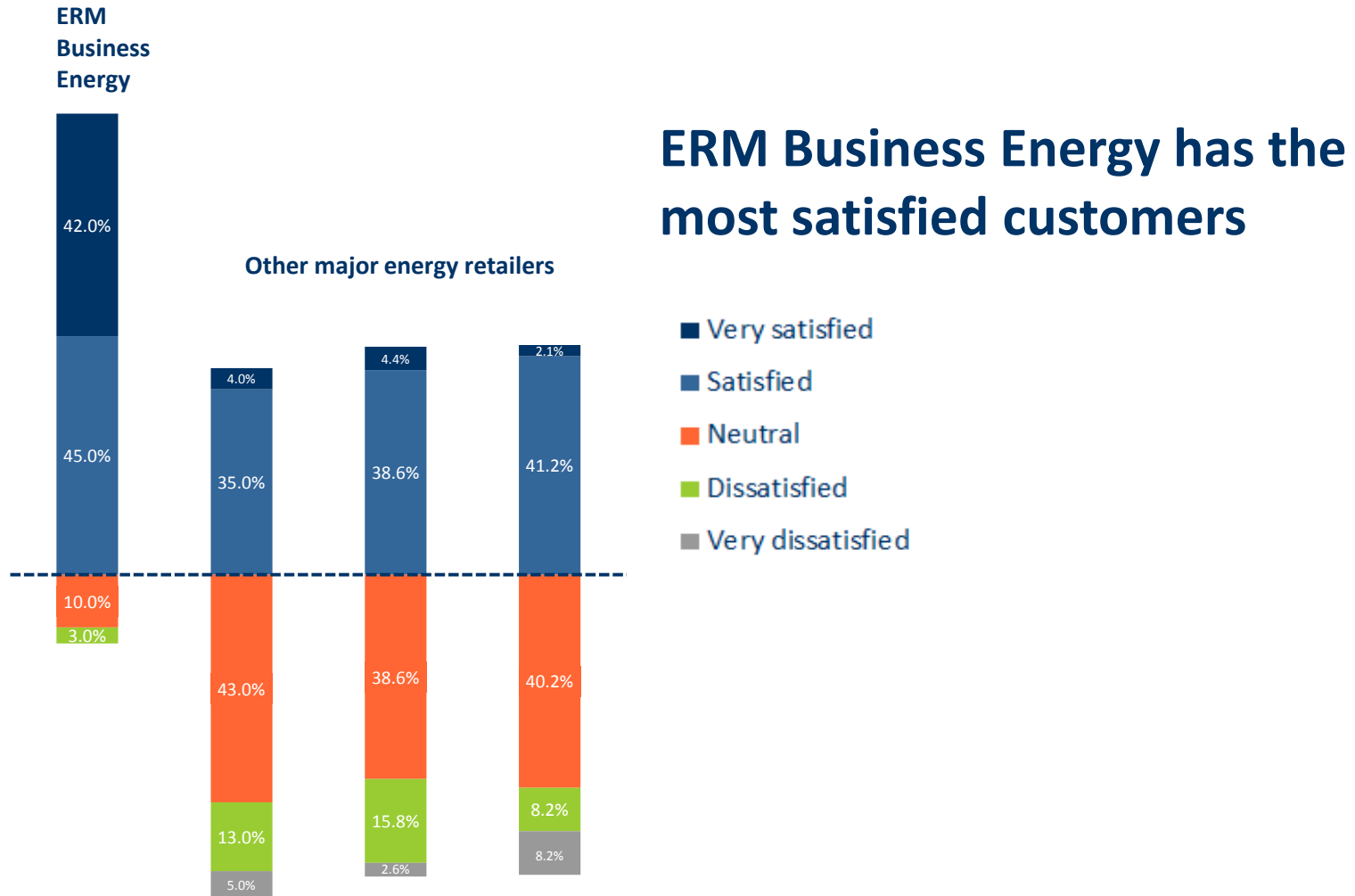
■ QLD ■ NSW ■ VIC ■ TAS ■ SA ■ WA

- Geographic diversification increasing
- Strongest growth rates in NSW (56%) and Vic (31%)
- Qld continues to grow (9%)

# OPERATIONAL EXCELLENCE

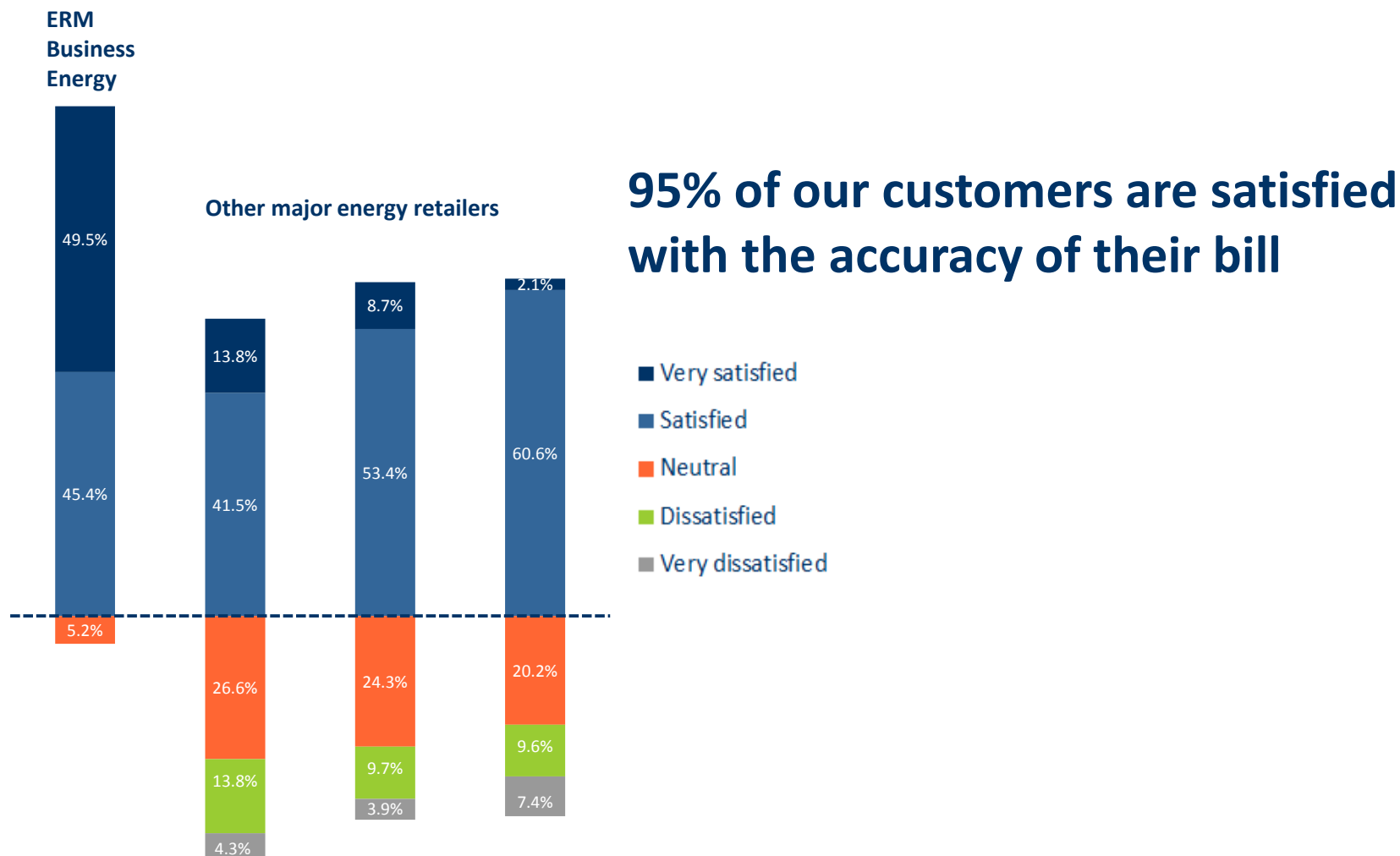
- Highly accurate and efficient operations enable market leadership in customer satisfaction, service and value
- A major competitive advantage for ERM Power
- Billing accuracy of 99.95% (FY 2014)
- Billing collection rate 99.88% (FY 2014)
- We have achieved this industry-leading performance level by designing, building, owning and operating our own retailing systems and processes
- We have achieved this despite a 32% increase in customer revenue in FY2014

# NO.1 FOR CUSTOMER SATISFACTION



Source: Utility Market Intelligence (UMI) survey of retail electricity industry by independent research company NTF Group in 2013 (18th year of survey). Research based on survey of 414 business electricity customers in October/November 2013. Four major electricity retailers benchmarked.

# NO.1 FOR BILLING ACCURACY



Source: Utility Market Intelligence (UMI) survey of retail electricity industry by independent research company NTF Group in 2013 (18th year of survey). Research based on survey of 414 business electricity customers in October/November 2013. Four major electricity retailers benchmarked.

# SUCCESSFUL SMALL BUSINESS DEBUT

- Business launched in July 2013
- Offering competitive pricing electricity with industry leading service to small business customers
- 17,500 customers contracted in four states by 30 June
- Win rates steadily improving with new and refined channels
- Averaging >1,000 new customers per month
- Realising economies of scale as customer volumes increase

# RETAIL EXPANSION – NEW MARKETS

- International benchmarking to identify prospective markets for expansion of our ERM Business Energy model
- Currently undertaking detailed feasibility of the U.S. market
  - Contestable U.S. business market ~8X larger<sup>1</sup>
  - U.S. business market growing as more regions deregulate
  - Active foreign participation
  - Some similar structures and characteristics to Australia
- Assessing a range of market entry options
- Feasibility report to be finalised by end of 2014

<sup>1</sup>US Energy Market Overview”, December 10, 2013 by Energy Research CG

# GENERATION

	FY 2014	FY 2013	% change
Revenue (\$m)	73.5	72.7	+1%
EBITDAIF (\$m)	51.8	43.5	+19%
<i>Ex. Significant Items<sup>1</sup> (\$m)</i>	51.3	48.3	+6%

- Oakey revenue was consistent with previous year excluding full recovery of distillate fuel in prior year
- Neerabup revenue increased mainly as result of additional energy sales
- Development and operations revenue also consistent with previous year
- Acquired remaining 16.7% interest in Oakey for \$30m and repaid debt
- New developments on hold due to falling electricity demand

<sup>1</sup> EBITDAIF excluding arbitration costs net of any contributions received and restructuring costs

# OPERATIONAL EXCELLENCE - GENERATION



Oakey Power Station - Queensland



Neerabup Power Station – Western Australia

- **Oakey Power Station (Qld)**
  - 100% owner, operator
  - 332MW peaker
  - Two units
  - Dual fuel – gas and distillate
  - High availability<sup>1</sup> – 99%
- **Neerabup Power Station (WA)**
  - 50% owner, operator
  - 330MW peaker
  - Two units
  - Gas fuel
  - High availability<sup>1</sup> – 99%

<sup>1</sup>IEEE Standard used for calculation of availability

# Oakey Power Station

- **Off-take contract ends 31 December 2014**
- **Post contract plans:**
  - Internal use (vertical integration including leverage of dispatch control)
  - Selling additional product in the wholesale market
  - Leveraging gas supply opportunities as they arise in Qld around LNG
- **Significant tax benefit of \$39.1m on joining ERM Power's tax consolidated group**
  - Tax cost base of the power station reset following purchase of the remaining 16.7%
  - Additional \$130m of tax depreciation deductions to be realised over the operating life of the power station
  - Tax benefit of \$39.1m has been recognised in FY2014 NPAT being the tax effect of the \$130m step up of the tax cost base
  - Oakey power station taxable income can now be offset against other tax losses in the ERM group minimising cash tax payments

# GAS

	FY 2014	FY 2013	% change
Revenue (\$m)	3.6	-	+100%
EBITDAIF (\$m)	0.9	(0.8)	N/A
CAPEX – Exploration (\$m)	(2.9)	(7.4)	+61%
CAPEX – Development (\$m)	(1.3)	(8.3)	+85%
Reserves <sup>1</sup> (2P / 3P / 2C) (PJ)	8.5 / 190 / 315	5 / 114 / 189	

- First revenue and earnings from sale of gas and condensate from Red Gully facility
- Exploration expenditure reduced during development phase and development expenditure reduced after commissioning of facility
- Focused on west coast assets to enhance value of our investment with east coast assets on hold until investment conditions improve
- Continuing to consider opportunities to realise more value from gas business including restructure to attract and facilitate external capital for growth

<sup>1</sup> ERM Power equity interests in reserves and resources certified by MHA Petroleum Consultants (April 2011) in the NSW tenements only

# GAS



Red Gully production facility

- **Red Gully (23.6% interest)**
  - Closest oil and gas production centre to Perth
  - Relationships with Alcoa (gas) and BP (condensate)
  - Behind target due to commissioning and early operational issues
  - Empire Oil & Gas (the operator) working to improve performance
  - Well positioned for development of step-out prospects

# METERING

- Established business called Powermetric Metering, which provides meters and meter data services
- Initial focus on our customers but over time expect to service all large businesses irrespective of retailer
- Have built information and data management systems, established relationships with meter and telecoms suppliers and are in the final stages of the AEMO accreditation process
- Meter installation and operational commissioning subject to AEMO accreditation process

# FY2015 OUTLOOK

## ■ FY2015 guidance

	FY 2015F	FY 2014	% change
Sales volumes (TWh)	17.0	14.1	21%
EBITDAIF <sup>1</sup> (\$m)	94-98	84.6	13% <sup>2</sup>
Underlying NPAT <sup>1</sup> (\$m)	30-33	26.3	20% <sup>2</sup>

<sup>1</sup> Excludes significant items

<sup>2</sup> % calculations based on mid points for all ranges

# PRIORITIES

- Delivering FY 2015 results
- Continuing to grow electricity sales to large businesses
- Building scale in small business segment
- Establishing metering business
- Optimising returns from the Oakey power station
- Restructuring our gas assets
- Assessing international expansion for Retail business

# SUPPLEMENTARY INFORMATION

# SUMMARY INCOME STATEMENT

\$ million	FY 2014	FY 2013	% Change
Revenue and other income	2,076.5	1,569.6	+32%
EBITDAIF	74.2	69.8	+6%
Depreciation and amortisation	(18.0)	(14.0)	-29%
Net fair value (loss) / gain on financial instruments	(115.6)	29.8	N/A
Finance expense	(29.3)	(31.8)	+8%
Statutory (loss) / profit before tax	(88.7)	53.8	N/A
Income tax benefit / (expense)	65.6	(15.3)	N/A
<b>Statutory net (loss) / profit after tax (NPAT)</b>	<b>(23.1)</b>	<b>38.5</b>	<b>N/A</b>
Non-controlling interest	(0.8)	(1.9)	+58%
<u>Add back:</u>			
Net fair value loss / (gain) on financial instruments net of tax	80.9	(20.9)	N/A
<b>Underlying NPAT</b>	<b>57.0</b>	<b>15.7</b>	<b>+263%</b>
Underlying EPS <sup>1</sup> (cents per share)	25.2	8.9	+183%
Dividend per share <sup>2</sup> (cents)	11.5	9.5	+21%

- Revenue up on increased electricity sold
- Depreciation higher on commencement of Red Gully operations
- Income tax benefit includes \$39.1m tax benefit following Oakey minority interest acquisition

<sup>1</sup> Based on Underling NPAT and weighted average number of shares on issue (FY2014 – 226.3m shares)

<sup>2</sup> Dividends are dividends paid within the financial year

# CASH FLOW SUMMARY

\$ million	FY 2014	FY 2013
EBITDAIF net of non-cash items	76.0	70.6
Tax paid	(4.2)	(6.6)
<b>Operating cash flow before working capital changes</b>	<b>71.8</b>	<b>64.0</b>
Working capital changes	(46.4)	40.7
<b>Net cash flows from operating activities</b>	<b>25.4</b>	<b>104.7</b>
Capital Expenditure (gas exploration, evaluation and development, and plant and equipment)	(6.4)	(29.4)
Payments for intangible assets	(8.3)	(4.6)
Purchase of share investments	(5.3)	(6.7)
<b>Net cash flows used in investing activities</b>	<b>(20.0)</b>	<b>(40.7)</b>
Net movement in borrowings including receivables financing facility	24.4	(9.0)
Loan to Empire Oil & Gas NL	(2.0)	-
Payment for acquisition of non-controlling interest	(30.0)	-
Dividends paid	(23.7)	(15.5)
Finance costs	(25.5)	(28.7)
Issue of shares on capital raising net of transaction costs	83.7	58.0
Cash received on exercise of share options	-	6.9
<b>Net cash flows from financing activities</b>	<b>26.9</b>	<b>11.7</b>
<b>Net change in cash</b>	<b>32.3</b>	<b>75.7</b>
<b>Closing cash and cash equivalents</b>	<b>247.7</b>	<b>215.4</b>

- Unfavourable working capital timing and higher purchase of renewable energy certificates
- Lower expenditure in gas development and exploration
- Acquisition of last 16.7% of Oakey and repayment of Oakey term debt
- Placements in June and November 2013, SPP in June 2013

# STATEMENT OF FINANCIAL POSITION

\$ million	30 June 2014	30 June 2013
Current cash and cash equivalents	247.7	215.4
Current trade and other receivables	202.3	157.3
Inventories	56.4	63.4
Other current assets and derivative financial instruments	12.9	36.1
<b>Total current assets</b>	<b>519.3</b>	<b>472.2</b>
Property, plant and equipment, and capitalised gas exploration and development	467.3	476.1
Other non-current and deferred tax assets	29.9	19.4
<b>Total non-current assets</b>	<b>497.2</b>	<b>495.5</b>
<b>Total assets</b>	<b>1,016.5</b>	<b>967.7</b>
Current trade and other payables	249.4	221.6
Current borrowings	130.0	95.5
Current borrowings - limited recourse	8.1	26.8
Current liability derivative financial instruments	114.4	17.8
Other current liabilities	2.5	3.3
<b>Total current liabilities</b>	<b>504.4</b>	<b>365.0</b>
Non-current borrowings – limited recourse	193.5	216.6
Non-current liability derivative financial instruments	40.5	47.2
Other non-current and deferred tax liabilities	0.9	67.1
<b>Total non-current liabilities</b>	<b>234.9</b>	<b>330.9</b>
<b>Total liabilities</b>	<b>739.3</b>	<b>695.9</b>
<b>Net assets</b>	<b>277.2</b>	<b>271.8</b>

- \$247.7m cash and cash equivalents on hand as at 30 June 2014
  - Restricted cash – \$160.5m;
  - Unrestricted cash – \$87.2m
- Debt of \$331.6m, of which \$201.6m is recourse only to Neerabup power station
- Market value of sales contracts (approximately \$175<sup>1</sup> million) not shown in balance sheet

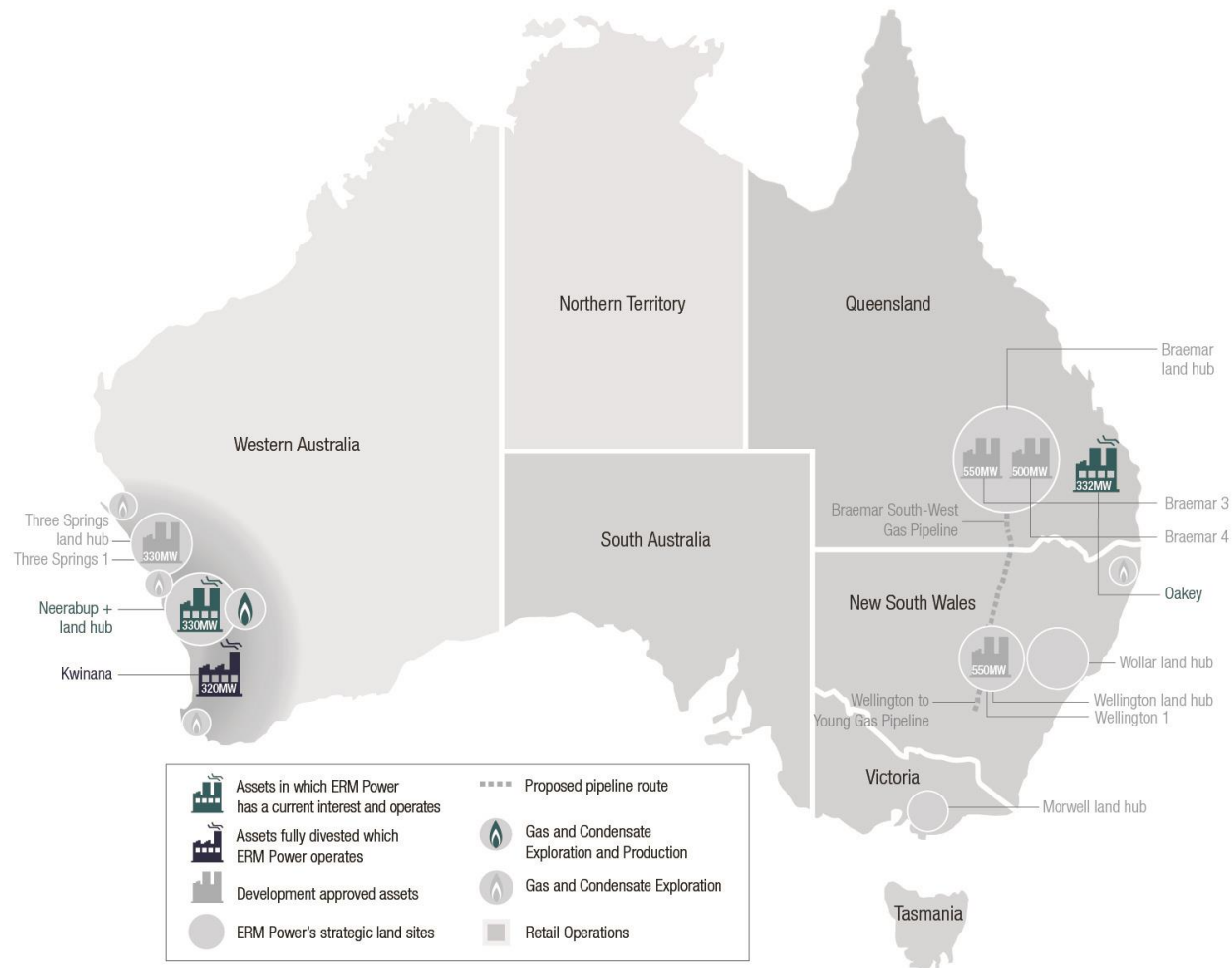
<sup>1</sup> This figure has not been subject to audit or review

# SIGNIFICANT ITEMS RECONCILIATION

\$ million	FY 2014	FY 2013
<b>EBITDAIF</b>	<b>74.2</b>	<b>69.8</b>
New business establishment costs	3.9	3.4
Macquarie Generation bid and other corporate costs	6.1	-
Neerabup contractor arbitration costs net of contributions	(0.5)	4.4
Legal fees in relation to Empire Oil action	0.9	-
Restructuring costs	-	0.8
Total significant item adjustments in EBITDAIF	10.4	8.6
<b>EBITDAIF ex. significant items</b>	<b>84.6</b>	<b>78.4</b>
<b>Underlying NPAT</b>	<b>57.0</b>	<b>15.7</b>
Total significant item adjustments in EBITDAIF	10.4	8.6
Oakey term debt repayment costs	1.6	-
Prospective depreciation adjustment	-	(2.4)
Tax effect of significant items	(3.6)	(1.9)
Tax effect of Oakey minority interest buyout	(39.1)	-
Total significant item adjustments on Underlying NPAT	(30.7)	4.3
<b>Underlying NPAT ex. significant items</b>	<b>26.3</b>	<b>20.0</b>

# NATIONAL FOOTPRINT

- **Business energy sales in every State and ACT**
- **497MW equity interests in 662MW of peaking power stations**
- **Operator of 982MW of generation**
- **Gas production, reserves, and exploration interests; footprint on the east and west coasts.**



# MORE INFORMATION:

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