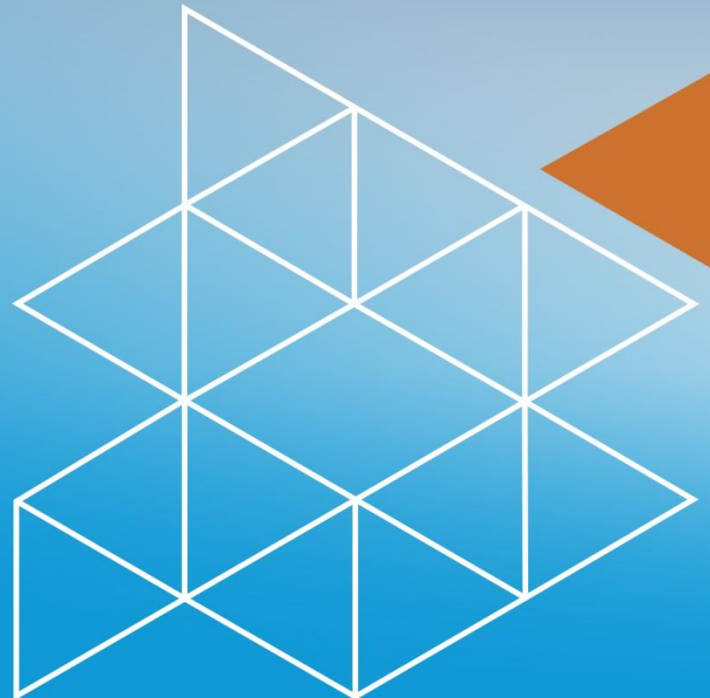




# Financial Results Presentation for the half year ended 31 December 2014

Presented by  
**Mr Scott Wooldridge**  
Chief Executive Officer  
Energy Action Limited



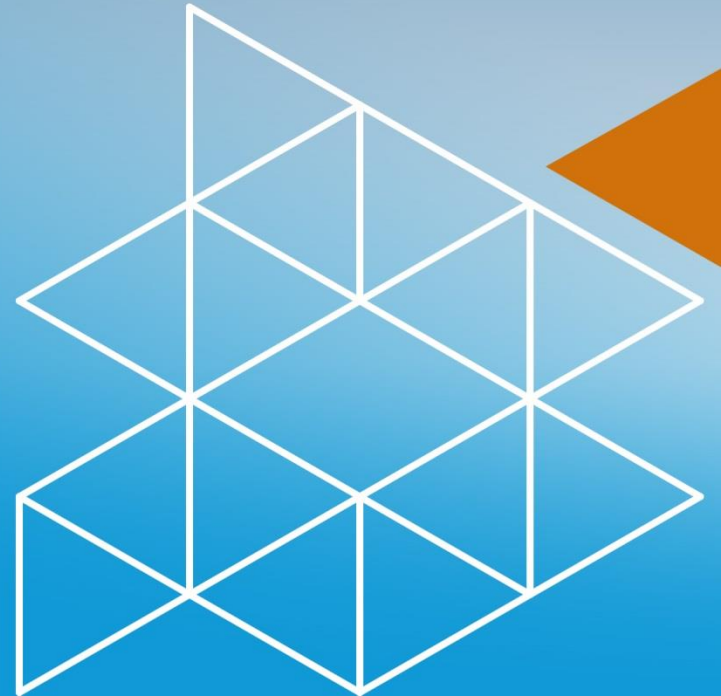
# Contents

1. Business Overview
2. Financial Results
3. Operational Performance
4. Integration Update
5. Outlook





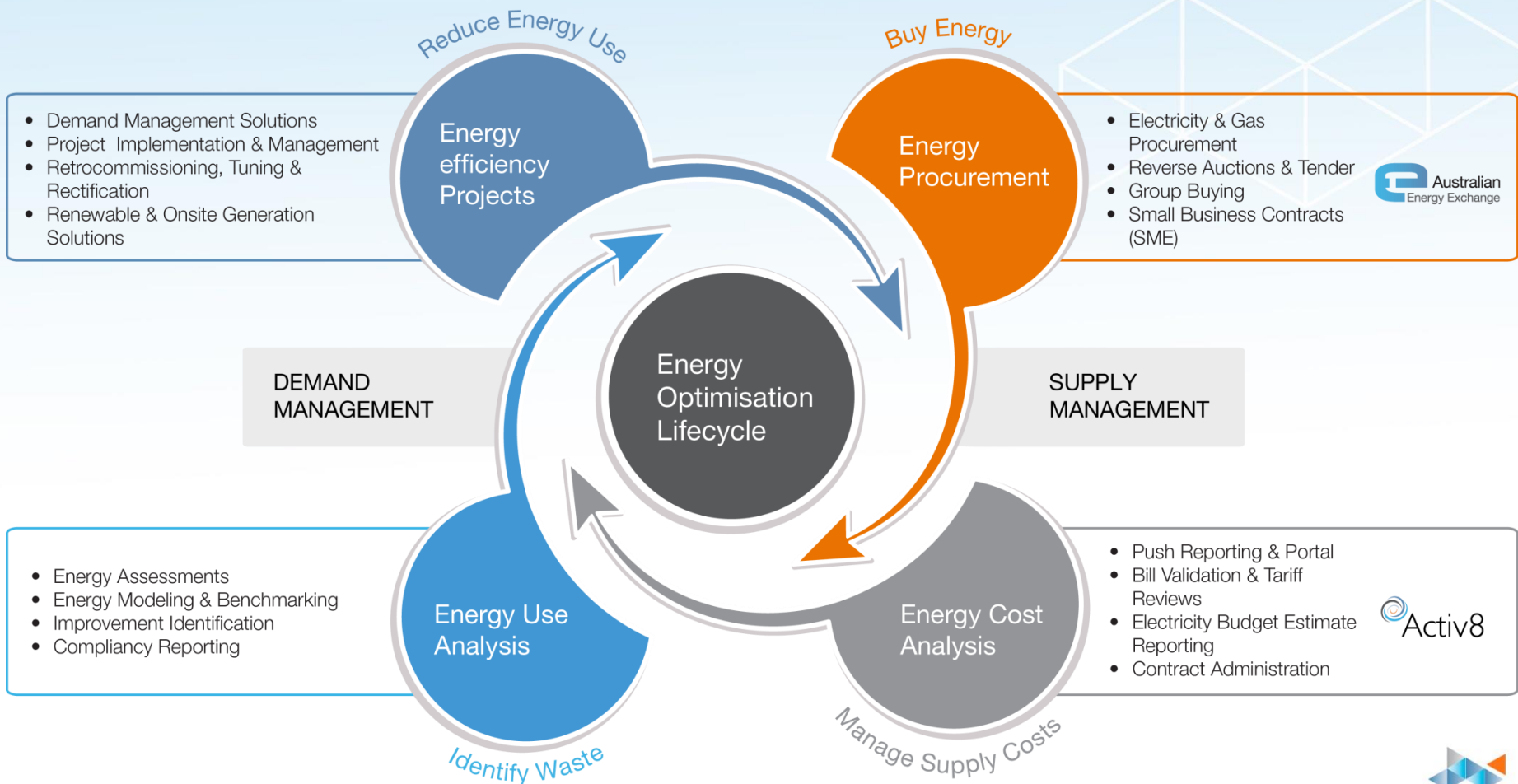
# Business Overview



# 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 Project and Advisory 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 23,900 sites under management across a diverse range of commercial and industrial industry sectors
- Over 160 staff with the head office in Parramatta (NSW) and sales and services offices in Sydney CBD, Canberra, Melbourne, Brisbane, Adelaide, Perth and New Zealand

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



# Our Strategy: Create a Unique Market Position

## Data Integrity & Completeness

*We have a comprehensive, transparent view of the market and the past, current and (potentially) future energy use within our client base that provides a high degree of market certainty for all participants.*

*Innovative Use of Software & Technology*

*Integrated solutions bridging energy supply and demand*

## Actionable Customer Insight – Being a Trusted Partner

*We are highly attuned to our individual customer's situation and needs – building strong relationships and delivering comprehensive, integrated solutions across the energy supply and demand value chain, both in response to customers requirements and by proactively anticipating where they can derive further value from what we offer.*

*Effective Stakeholder Engagement*

*Consultative Sales Process*

*Effective Customer Relationship Management*

# Executing against strategy

Revenue increase of 30%

## Data Integrity & Completeness

Launch of Client Portal  
January 2015

Enhancement of the Australian  
Energy Exchange (AEX) to delivery  
auctions in Western Australia  
December 2014

## Actionable Customer Insights Trusted Partner

Acquisition of EnergyAdvice  
August 2014

Integration Progress for Exergy and  
EnergyAdvice

Sales team tiering and alignment to  
different customer profiles

# Simplified Executive Team



**Scott Wooldridge**  
CEO

## Client Management



**Paul Cooper**  
Sales Director



**Martin Becker**  
Strategic Client Services  
Director



**Barry Denton**  
Corporate Business  
Development Director

## Service Delivery and Operations



**Helge Sangkuhl**  
Energy Procurement  
Director



**David Rylah**  
Wholesale Markets  
Director



**Bill McLellan**  
Business Operations  
Director



**Paul Bannister**  
Projects & Advisory  
Services Director

## Corporate Functions



**Michael Fahey**  
CFO



**Madeline Sedrak**  
Human Resources  
Executive Manager



**Edward Hanna**  
Strategy & Business  
Integration Director



# Corporate Snapshot

## Capital Structure

ASX Code	EAX
Shares on Issue	25.8 million
Market Cap (31 Dec 2014)	\$55.5 million
Share Price (52 week High/Low)	\$1.90-\$3.80
Shareholders	757
Top 20 holding	82.7%

## 12mth Share Price Performance



## 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
Philip Randall	Executive Director

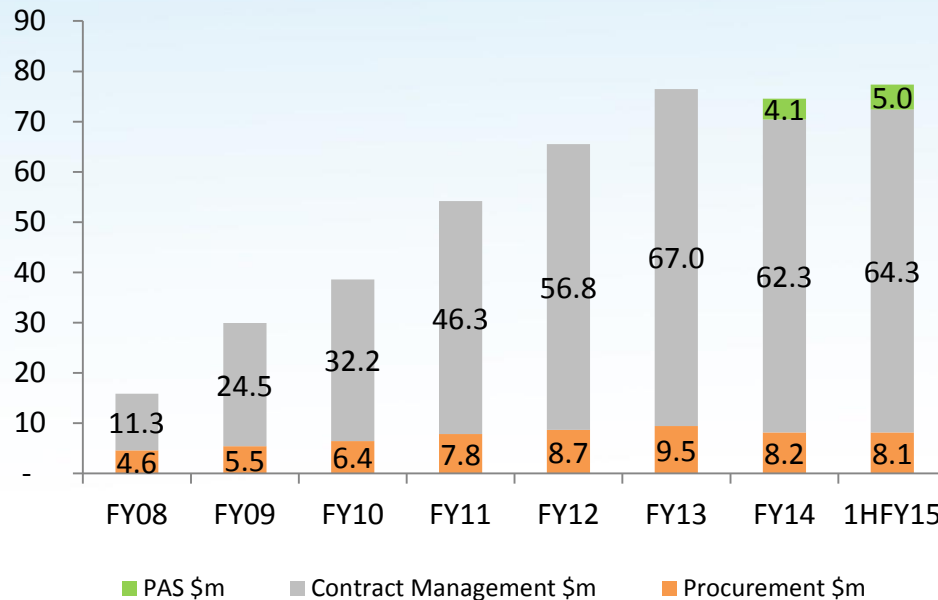
## Substantial Shareholders

	%
Paul Meehan	18.3
Perennial Investment Partners	12.4
Microequities	7.7
Stephen Twaddell	7.0
Dr Ronald Watts	6.5
SG Hiscock & Co	5.6

# Future Contracted Revenue resumes growth trend

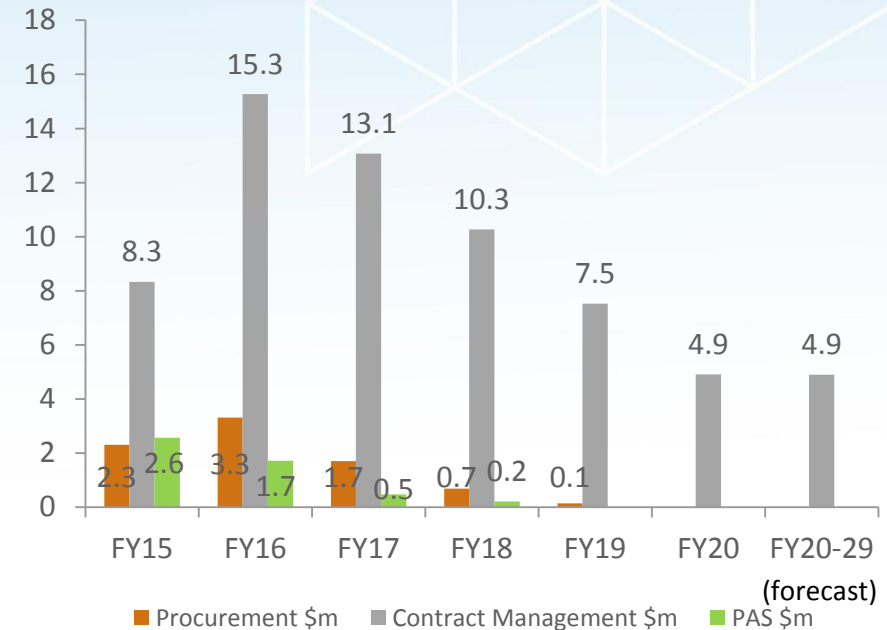
\$77.4 million<sup>1</sup> as at Dec 2014 vs \$74.5 million as at June 2014

Future Contracted Revenue



Future Contracted Revenue realisation year

FY15 balance of year \$13.2 million and FY16 - \$20.3 million

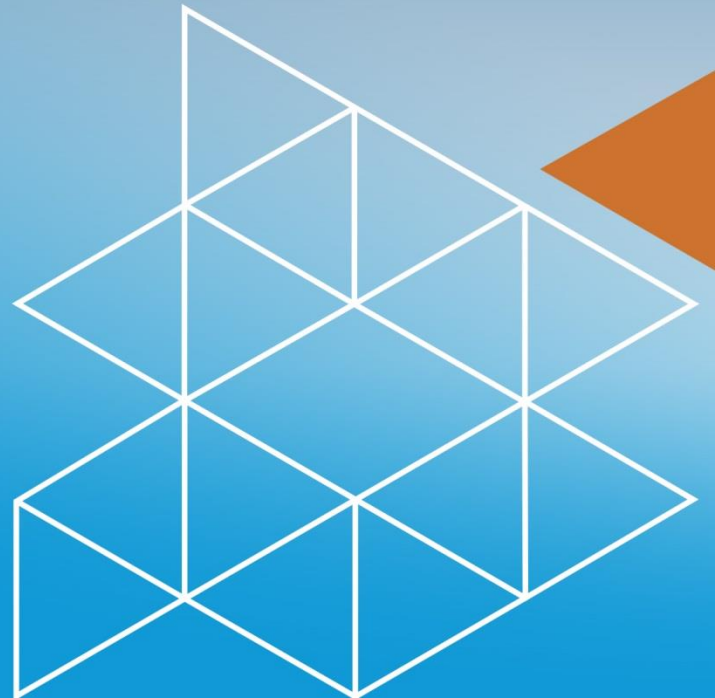


**Strong sales performance has resulted in growth of future contracted revenue, despite loss of several large client portfolios**

1. Includes EnergyAdvice Contracted Revenue



# Financial Results



# H1 FY15 Financial Highlights

- Revenue growth of 30% fuelled by acquisitions of Exergy & Energy Advice
- Acquisition of EnergyAdvice in August 2014 tracking as per business case
- Integration of EnergyAdvice and Exergy tracking to plan, management teams integrated
- Benefits of Sales function restructure being realised, with new sales activities driving growth of future contracted revenue
- Timing of contract management contract conclusions and Projects and Advisory Services revenue ramp up impacting profitability
- Establishment of five year \$12 million debt facility

# Operating NPAT at \$1.7 million

	2014 \$	2013 \$
<b>Total Revenue</b>	<b>15,605,738</b>	<b>12,039,378</b>
Cost of goods and services sold	2,240,253	1,196,637
Employee benefits expense	7,587,864	5,831,868
Share based payments on employee share schemes	88,822	17,391
Deferred consideration on acquisitions	1,678,249	-
Acquisition, transaction and restructuring related costs	382,214	22,842
Rental expense	538,866	338,606
Travel expenses	369,759	232,435
Administration expenses	1,693,717	1,286,852
<b>EBITDA</b>	<b>1,025,994</b>	<b>3,112,707</b>
Depreciation and amortisation	575,975	429,671
EBIT	450,019	2,683,036
Financing (costs) / income	-93,698	95,798
<b>Profit before income tax</b>	<b>356,321</b>	<b>2,778,834</b>
Income tax expense	776,500	851,617
<b>Statutory Profit / (Loss)</b>	<b>-420,179</b>	<b>1,927,217</b>
Add back:		
Share based payments on employee share schemes	88,822	17,391
Deferred consideration on acquisitions	1,678,249	-
Acquisition, transaction and restructuring related costs	382,214	22,842
Total significant items	2,149,285	40,233
<b>Operating Profit after tax</b>	<b>1,729,106</b>	<b>1,967,450</b>
<b>Operating EBITDA margin</b>	<b>20%</b>	<b>26.2%</b>

Revenue up 30%

Statutory NPAT

Non operational items  
excluded from Operating Profit

# Statutory to Operating Profit reconciliation

\$000's	31 Dec 2014	31 Dec 2013	% variance
Statutory net profit / (loss) after tax	<b>(420)</b>	<b>1,927</b>	<b>-122%</b>
<b>Adjust for the following items:</b>			
Employee share based payments	89	17	424%
Deferred consideration on acquisitions	1,678	-	N/A
Restructuring and M&A costs	383	23	1565%
Total Significant Items	2,150	40	N/A
Operating profit after tax	<b>1,729</b>	<b>1,967</b>	<b>-12%</b>

Statutory Profit / (Loss) is prepared in accordance with Australian Accounting Standards and the Corporations Act. Statutory Profit / (Loss) after tax of \$(420,179) included a loss after tax of \$2,149,285 treated as a Significant Items (FY13 \$40,233). Excluding these items, Operating Profit was \$1,729,106, down 12.1% from the previous year.

Operating Profit is reported to give information to shareholders that provides a greater understanding of operating performance by removing Significant Items and therefore facilitating a more representative comparison of performance between financial periods.

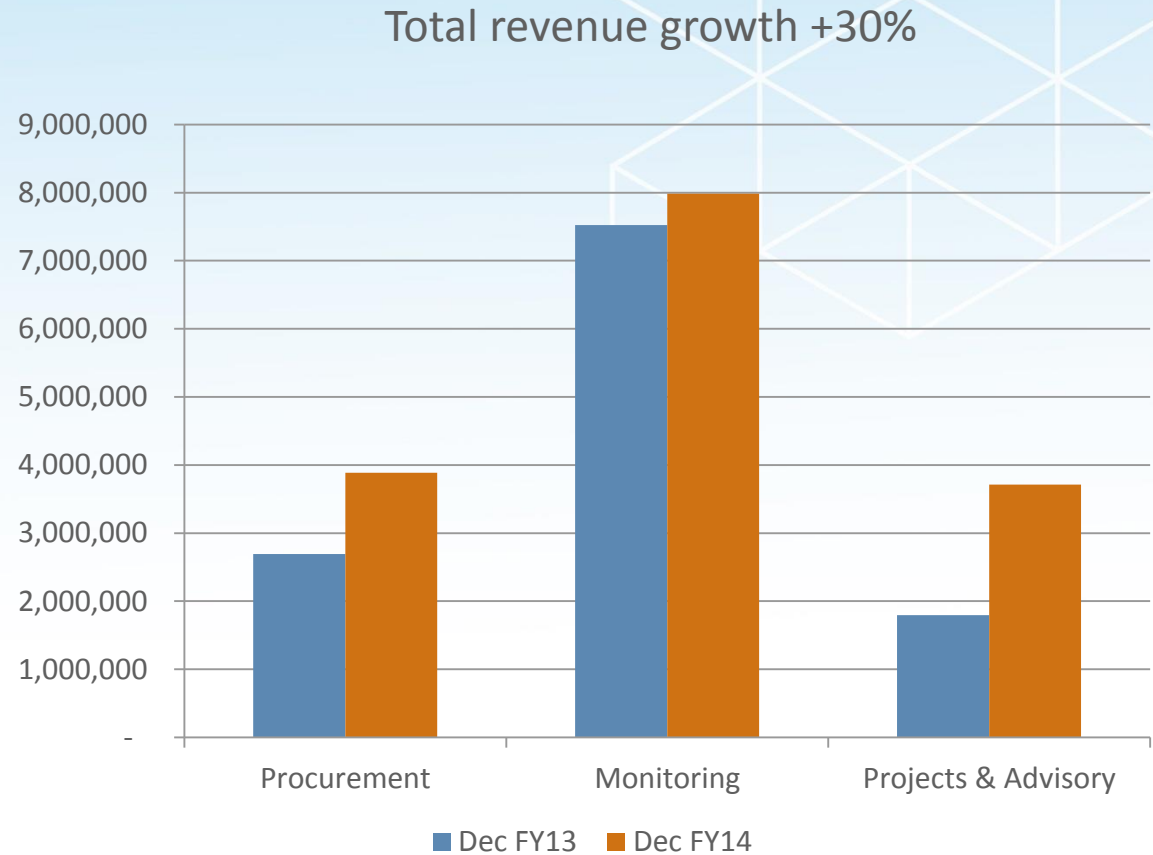
A reconciliation of the Group's statutory to Operating Profit is shown in the table below:

Deferred consideration on the Exergy & EnergyAdvice acquisitions is required to be accrued and expensed for accounting purposes. M&A and restructuring costs include stamp duty, legal and financial advice associated with the acquisitions.

# Strong revenue growth across all divisions

Revenue up 30% versus prior period

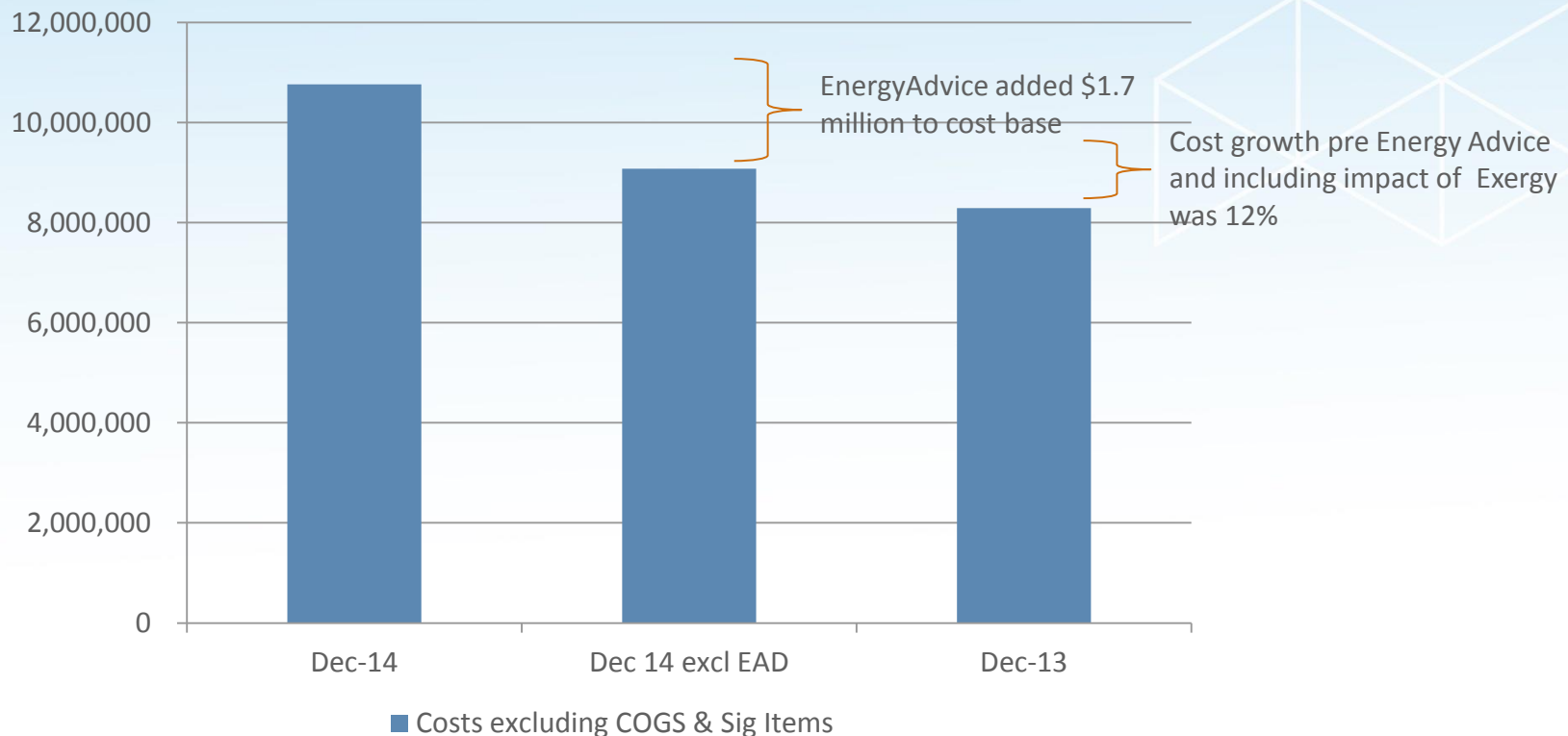
- All areas showing strong revenue growth:
  - PAS +107%
  - Procurement +44%
  - Monitoring +6%
- EnergyAdvice has contributed \$2.179 million in revenue since acquisition
- Growth excl. EnergyAdvice:
  - PAS +68%
  - Procurement +23%
  - Monitoring -6%



# Operating costs\*

Cost growth driven by acquisitions - base costs controlled, further productivity measures planned for 2nd half

## Operating Costs



**2nd half cost actions include focus on staff utilisation to drive productivity and a strong focus on the management of discretionary spend**

\* Excluding COGS and significant items



# Operating cash flow reflects M&A related outflows

	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers (inclusive of GST)	17,264,702	13,088,990
Payments to suppliers and employees (inclusive of GST)	-14,730,274	-10,273,587
Payments for deferred consideration (Exergy) classified as employment expense	-500,000	-
Acquisition and transaction related costs	-342,668	-22,842
Interest received	26,416	95,758
Interest paid	-39,405	-
Income tax paid	-776,077	-884,418
<b>Net cash provided by operating activities</b>	<b>902,694</b>	<b>2,003,901</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	-177,639	-75,835
Acquisition of EnergyAdvice Pty Limited	-5,803,045	-
Acquisition of Exergy Holdings Pty Limited	-138,623	-
Acquisition of Ward Consulting Services	-	-500,000
Software development costs	-567,487	-213,496
<b>Net cash used in investing activities</b>	<b>-6,686,794</b>	<b>-789,331</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid by parent entity	-939,059	-1,290,653
Bank loan	4,250,000	-
Debt establishment fees	-296,007	-
Bank guarantee fees	-18,852	-
<b>Net cash used in financing activities</b>	<b>2,996,082</b>	<b>-1,290,653</b>
Net decrease in cash held	-2,788,018	-76,083
Cash at beginning of financial year	4,556,558	6,444,441
Cash at end of financial year	1,768,540	6,368,358

Excluding M&A & Exergy deferred consideration Operating Cash Flow was \$1.7 million

Payments for acquisitions

Includes portal costs

Debt funding undertaken

# Debt structure and key financial ratios

**EAX entered into a 5 year, \$12 million multi-option facility agreement in October 2014**

- Can be utilised for borrowings, bank guarantees or letters of credit
- Current utilisation comprised of \$4.25 million loan and \$6.284 million in bank guarantees related to the Energy Advice acquisition

## Financial covenant metrics

- Interest cover ratio (EBITDA : Interest)
- Gearing ratio (Total Debt : EBITDA)

## Target

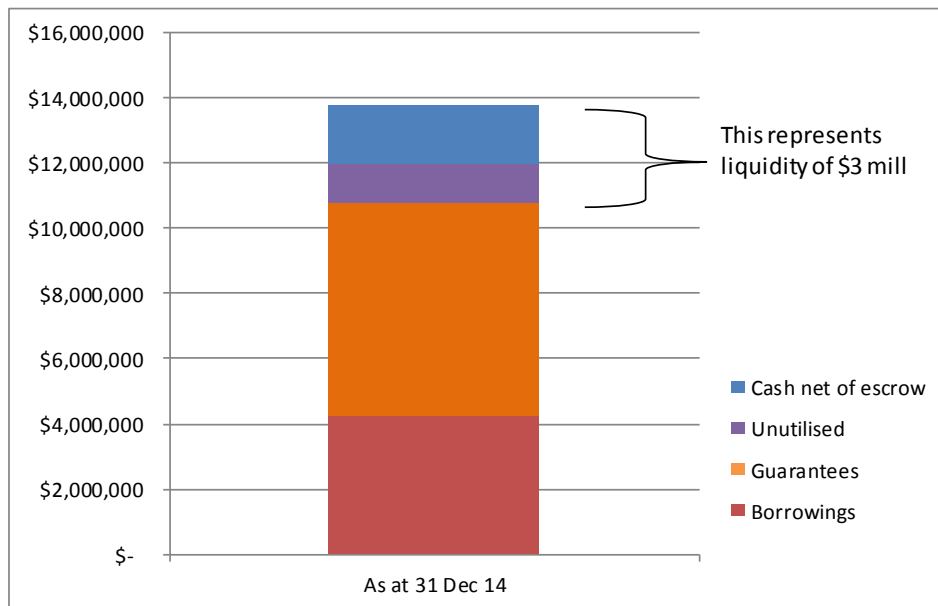
Min 3.0

Max 2.0

## Dec 31

14.6

1.5



**Available facilities and cash on hand of approximately \$3 million**

# Balance Sheet reflecting impact of acquisitions

	31-Dec-14 \$	30-Jun-14 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,768,540	4,556,558
Restricted cash	1,000,000	1,000,000
Trade and other receivables	5,440,036	5,293,181
Other assets	1,625,259	1,258,455
<b>TOTAL CURRENT ASSETS</b>	<b>9,833,835</b>	<b>12,108,194</b>
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables	118,223	46,322
Property, plant and equipment	875,848	563,920
Other assets	918,830	946,829
Intangible assets	14,491,387	7,567,771
<b>TOTAL NON-CURRENT ASSETS</b>	<b>16,404,288</b>	<b>9,124,842</b>
<b>TOTAL ASSETS</b>	<b>26,238,123</b>	<b>21,233,036</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	2,906,184	2,137,085
Current tax liabilities	865,817	492,914
Provisions	1,314,414	946,216
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,086,415</b>	<b>3,576,215</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions & other liabilities	297,478	252,723
Loans and Borrowings	3,986,702	-
Deferred tax liabilities	1,159,109	803,007
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>5,443,289</b>	<b>1,055,730</b>
<b>TOTAL LIABILITIES</b>	<b>10,529,704</b>	<b>4,631,945</b>
<b>NET ASSETS</b>	<b>15,708,419</b>	<b>16,601,091</b>
<b>EQUITY</b>		
Issued capital	6,537,906	6,160,906
Share based payment reserve	347,769	258,947
Retained earnings	8,822,349	10,181,587
Foreign currency translation reserve	395	-349
<b>TOTAL EQUITY</b>	<b>15,708,419</b>	<b>16,601,091</b>

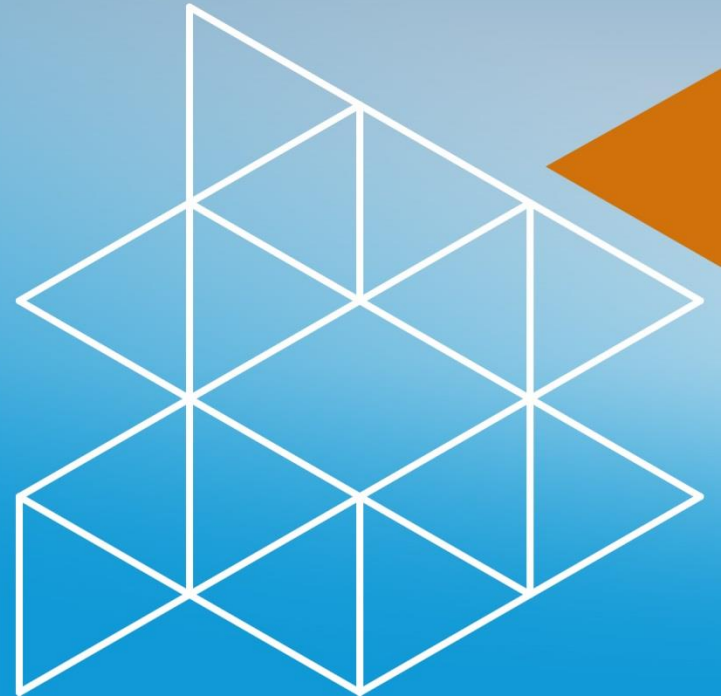
Reduction in cash following acquisition's

Movement in Intangibles reflecting Exergy & EnergyAdvice acquisitions

Debt funding primarily for acquisitions

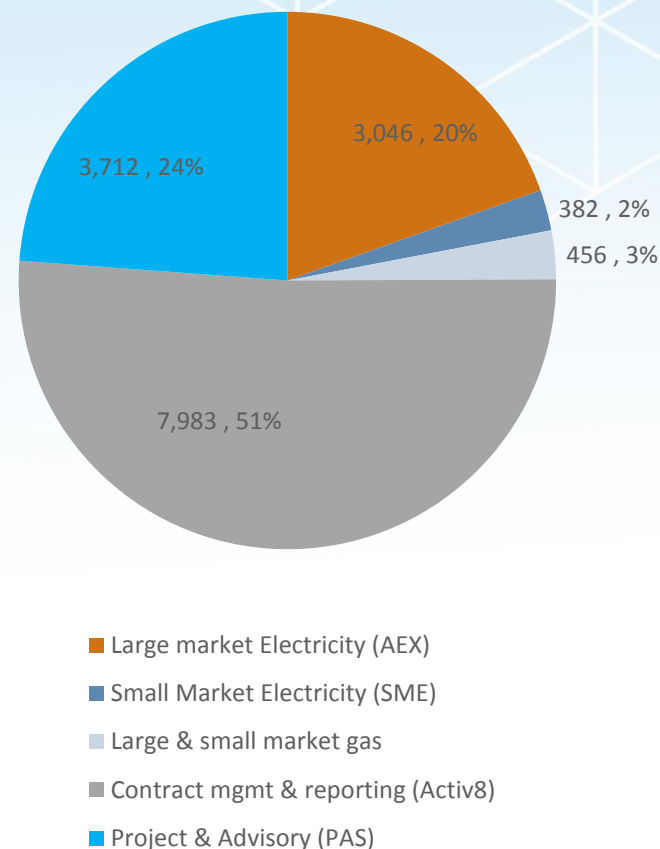


# Operational Performance



# Revenue up 30% to \$15.6m

- Projects and Advisory Services revenue up 107% to \$3.712m. Full year contribution of Exergy being realised in FY2015.
- Contracts Management Revenue up 6% against FY2014 with service delivery for a number of large engagements ending offsetting strong sales and the contribution of EnergyAdvice
- Large Market Procurement (Large market auctions & auction registration fees) up 52%, with new and renewed business at anticipated levels and the contribution of EnergyAdvice



# Energy Procurement

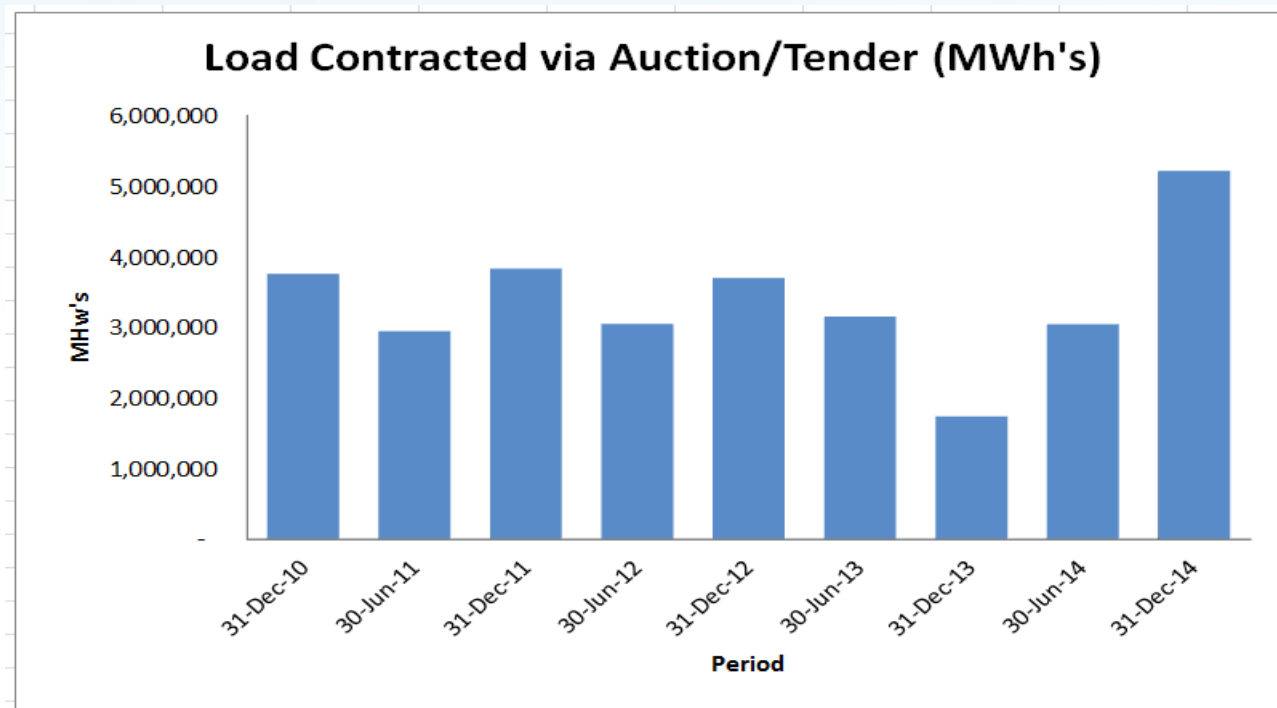
- The Australian Energy Exchange (AEX) is Energy Action's online reverse auction platform.
- Energy suppliers competitively bid for large site electricity contracts
- Auction platform extended to WA December 2014
- EnergyAdvice use a Tender based methodology – The AEX is being modified to support Tenders
- Energy Action provides tender based procurement services for small site electricity contracts and gas contracts

	H1 FY 2015	H1 FY 2014	Variance
No of Auctions / tenders <sup>3</sup>	960	680	41%
Average electricity contract duration	26mth	27mth	-
MWhs procured and contracted <sup>1</sup>	5,371	1,742	209%
Average \$/MWh	\$43.69	\$49.62	-12%
Total procured value Electricity <sup>2</sup>	\$235m	\$86m	173%
TJ's of Large Market Gas Tenders	4,231	Not Available	N/A
No. of large sites under contract	11,410	9,586	19%
No. of small sites under contract	11,296	7,510	50%
No. of Gas sites under contract	1,202	438	174%
1. Includes EnergyAdvice procurement effective 19 August 2014.			
2. Based on energy only component of bill, excludes network and other charges, incl. Energy Advice			
3. FY15 includes SME, WA and roll-in not in pcp			

# Energy Procurement

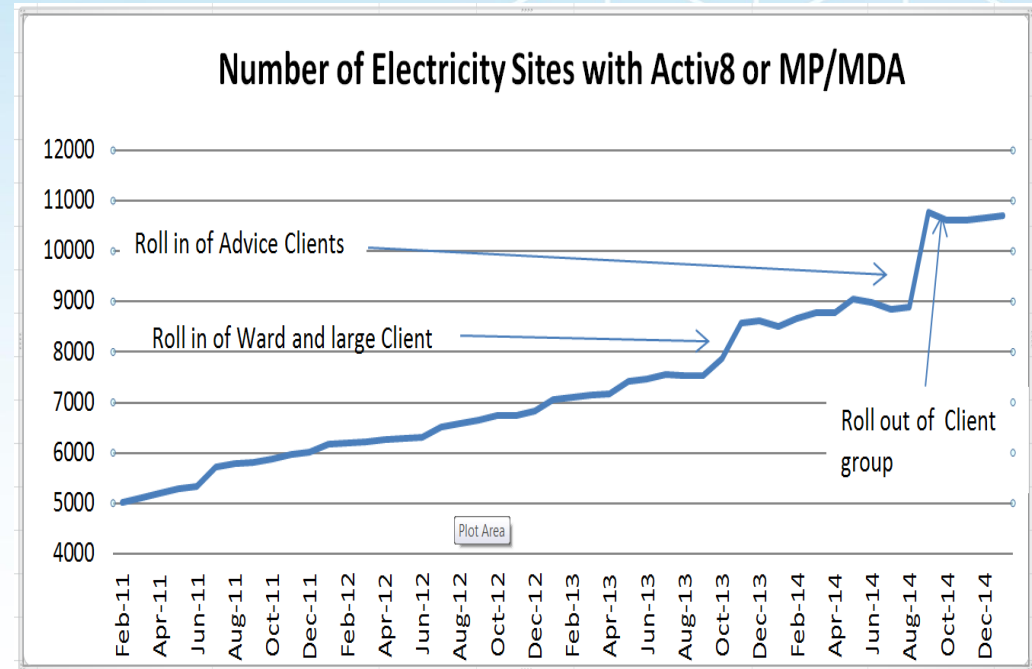
## Large Market Electricity Procurement Auctions

- Low first half FY2014 volumes driven predominantly by sales team restructure April 2013
- Recovery in second half FY2014 back to historical levels
- The EnergyAdvice acquisition provided significant upside to volume in first half FY2015 – 2300MWh



# Contract Management & Energy Reporting

- Activ8 platform provides contract management services via automated monitoring and reporting– highly scalable
- EnergyAdvice provides an aligned service called EnergyMetrics
- 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 cases and escalations with Energy Retailers



**Tariff reviews in July 14 and January 15 (Vic) identified \$3.5m in potential savings for our customers**



# Contract Management & Energy Reporting

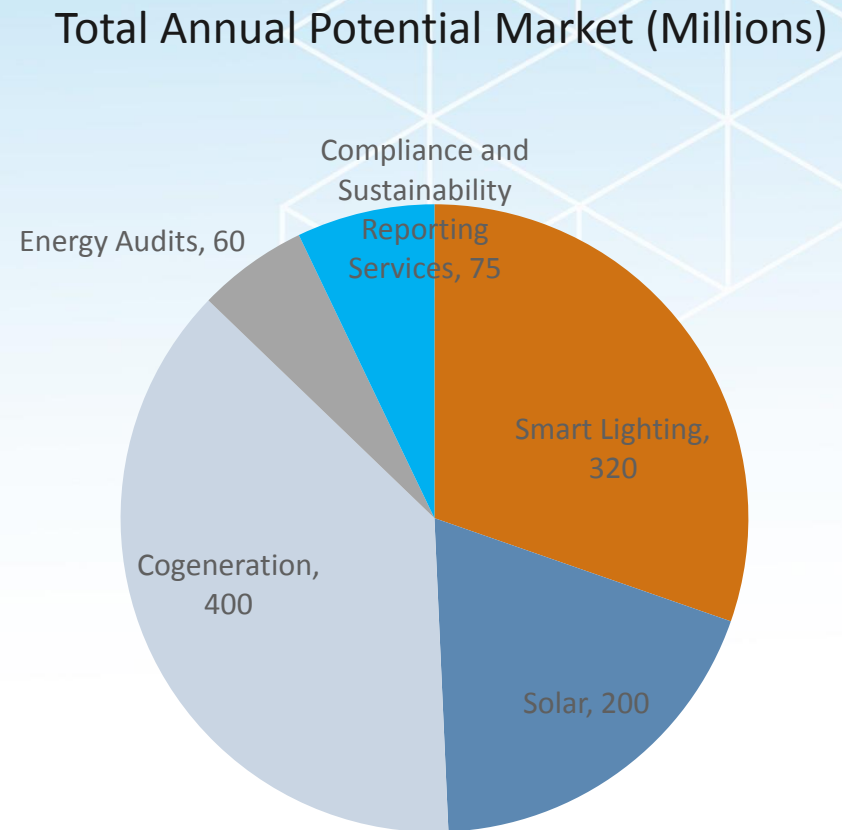
Service Offer		H1 FY 2015 No. of active <sup>2</sup> contracts	H1 FY 2015 Annual contract value	H1 FY 2014 No. of active <sup>2</sup> contracts	H1 FY 2015 Annual contract value
Activ8 Gold <sup>1</sup>		4801	\$2,680	4993	\$2,585
Activ8 Silver <sup>1</sup>		142	\$2,225	131	\$2,110
Activ8 Bronze <sup>1</sup>		140	\$1,493	140	\$1,263
Activ8 PAS <sup>1</sup>	(Tailored Service)	359	\$1,740	332	\$2,084
Activ8 SME	(Small Market Sites)	1238	\$30	1226	\$30
EnergyMetrics	(EnergyAdvice)	1935	\$1,375	N/A	N/A
Data Only Contracts (MP/MDA)		2058	\$178	2049	\$177
<b>Number of sites under contract</b>		<b>10673</b>		<b>8871</b>	

1. Includes Data Contract

2. Does not include contracts which are signed however are yet to commence service delivery

# 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 as at 1/7/2014
- 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



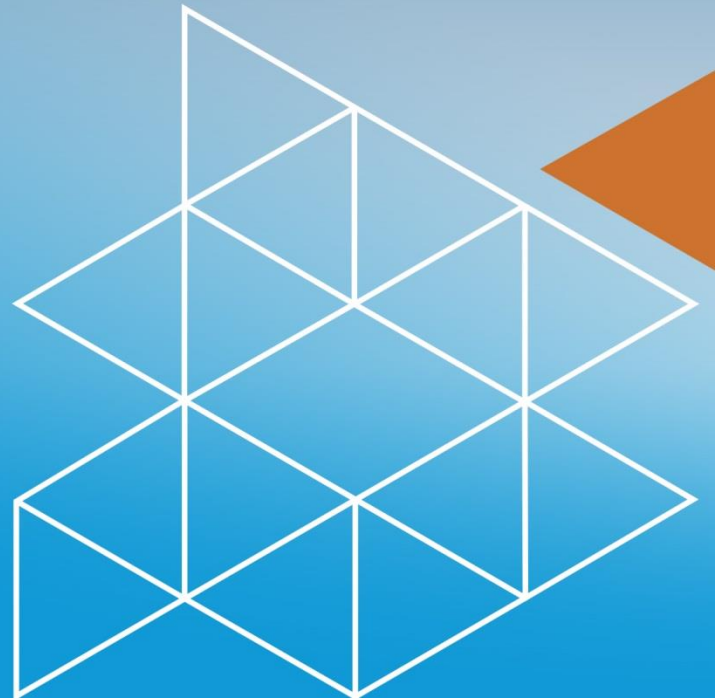
# Projects & Advisory Services (inc Exergy)

- Significant first half revenue growth however behind initial expectations
- Division will be profitable in FY2015
- Energy Action's Dr Paul Bannister wins prestigious Energy Efficiency Council's award: **'2014 Energy Efficiency Champion Award'**
- **Flannery Centre, Bathurst** – 6 star Green Star Education – Design rating. Concept, design and construction of the high profile Flannery Centre was project managed by Energy Action
- Assisted **Mirvac** as project manager and solar partner to achieve first 6 star NABERS rating





# Acquisition Update



# Update on progress of integration of acquisitions

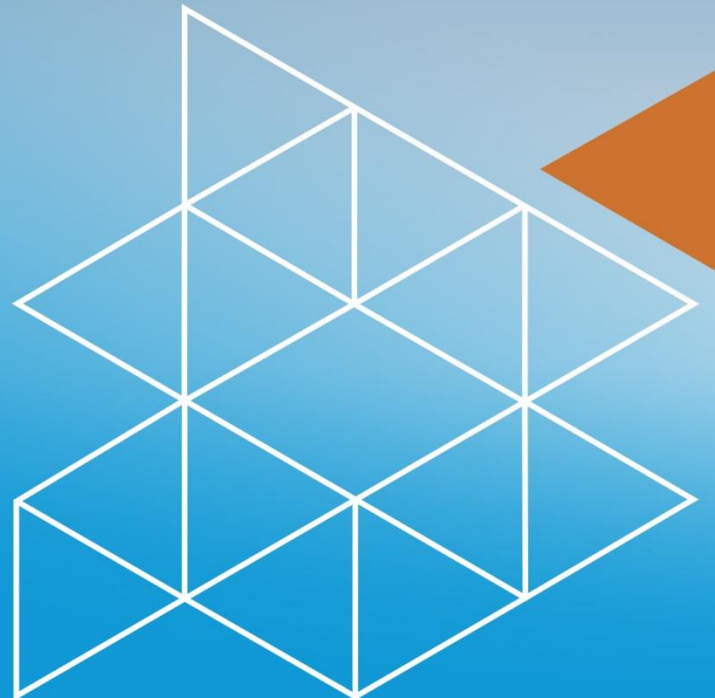
- Delivering on key strategic intent – consolidating the brokerage market
- Management teams integrated and new management structure announced
- Revenue synergies are being realised

## Focus for balance of FY15 and FY16

- Consolidate IT landscapes between organisations
- Consolidate office locations in key capital cities
- Drive productivity and profitability across the combined organisation by improving overall staff utilization and leveraging automation opportunities
- Consolidate overlapping offers into a single “best of breed” solution set
- Further exploit revenue opportunities including:
  - Tender Based large market electricity procurement
  - Structured wholesale market products
  - Stronger presence and expertise in Gas Contract Management
  - Projects & Advisory acceleration across larger account based



# Outlook



# FY2015 Outlook

- Core focus is the finalisation of the integration of Exergy and EnergyAdvice to ensure revenue and cost operational efficiencies are achieved
- Continued enhancements to key operational platforms
  - Enhancements to AEX platform to cater for tenders and RFP's
  - Phase 2 of the Client Portal to capitalise on alternate revenue opportunities
- Conversion of strong PAS pipeline to revenue
- Focus on cash conversion and working capital management
- Continue to assess opportunities for organic and M & A growth
- Guidance provided on 10<sup>th</sup> February for Operating NPAT to be between \$4.2 and \$4.8 million for the full year

# Further information

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Chief Financial Officer

02 9633 6405

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# Disclaimer

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Any investment decision with respect to any transaction involving Energy Action Limited should be made based solely upon any offering documents, if applicable, and appropriate due diligence by the prospective investor.

We believe the information provided herein is reliable, as of the date hereof, but do not warrant its accuracy or completeness. In preparing these materials, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources.

Past performance is not a reliable indicator of future performance. This presentation may include forward-looking statements that represent opinions, estimates and projections, which may not be realised. Forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of Energy Action Limited. Actual results may vary from any forecasts and any variation may be materially positive or negative. This presentation includes forward-looking statements that represent opinions, estimates and projections, which may not be realised. We believe the information provided herein is reliable, as of the date hereof, but do not warrant its accuracy or completeness. In preparing these materials, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources.

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