

Financial Results Presentation for the half year ended 31 December 2015

Presented by

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FY16 Interim Results Agenda

- 1. Results Highlights
 - Scott Wooldridge
- 2. Group Financials
 - Michael Fahey
- 3. Operational Performance
 - Scott Wooldridge
- 4. Outlook and FY16 Priorities
 - Scott Wooldridge





Results Highlights



FY16 Interim Results Highlights

- Revenue up 11% vs pcp
 - Growth driven by PAS +49%
- Operating NPAT down 4.3% vs pcp
 - Impact of lower margin products, higher financing costs
- Improved operational performance
 - PAS utilisation improved
 - Brand migration completed
 - Single CRM system implemented
 - Common finance system on track for early Q4 implementation
- Costs being tightly managed
 - Increase of 1% on a like for like basis
- Operating Cash Flow up 15%
 - Continued focus on cash and working capital
- Strategic partnership with Sun Edison on commercial solar, storage and product financing solutions





Group Financial Results



Financial Highlights

- Revenue of \$17.4 million up 11% driven by PAS (+49%) and CMER
- CMER revenue up 4% as more customers commencing service delivery
- Procurement revenue down 2% with good growth in Structured Products offsetting strong market competition in Electricity Tenders
- Gross margin growth of 4% reflecting lower margins of the PAS business
- PAS stabilized with improved utilization
- Cost tightly managed operating costs up only 1% after normalizing for a full period of Energy Advice costs
- Operating Cash Flow before interest, tax and significant items of \$2.924 million (+15% vs pcp) driven by continued focus on working capital management
- Decline in forward revenue although tenure shortened and quality improved
- Dividend increase of 8% to 2.80cps
- Increased headroom under debt facilities to \$4.2 million, up \$1 million since June 30



Statutory to Operating Profit reconciliation

\$000's	31 Dec 2015	31 Dec 2014	% var	31 Dec 2015	31 Dec 2014	% var
	Operating profit after tax			EBITDA		
Statutory results after tax	(614)	(420)	(46.2%)	891	1,025	(13.1%)
Employee share based payments	199	89	123.6%	199	89	123.6%
Deferred consideration on acquisitions ¹	2,071	1,678	23.4%	2,071	1,678	23.4%
Restructuring and M&A costs	-	383	n/m	-	383	n/m
Total Significant Items	2,270	2,150	5.6%	2,270	2,150	5.6%
Operating profit after tax	1,656	1,729	(4.3%)	3,161	3,175	(0.4%)

Statutory Profit / (Loss) is prepared in accordance with Australian Accounting Standards and the Corporations Act. Statutory Profit / (Loss) after tax of (\$0.614 million) included a loss after tax of \$2.27 million treated as a Significant Items (FY14 \$2.15 million). Excluding these items, Operating Profit was \$1.656 million down 4.3% from the previous year.

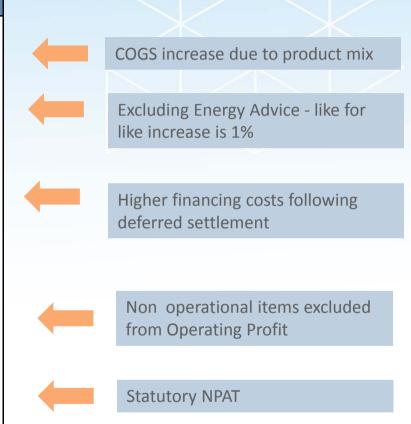
Operating Profit is reported to give information to shareholders that provides a greater understanding of operating performance by removing Significant Items and therefore facilitating a more representative comparison of performance between financial periods.



¹ Deferred consideration on the Exergy & Energy Advice acquisitions is required to be accrued and expensed for accounting purposes.

Operating NPAT at \$1.656 million down 4.3% Gross margin impacted by product mix

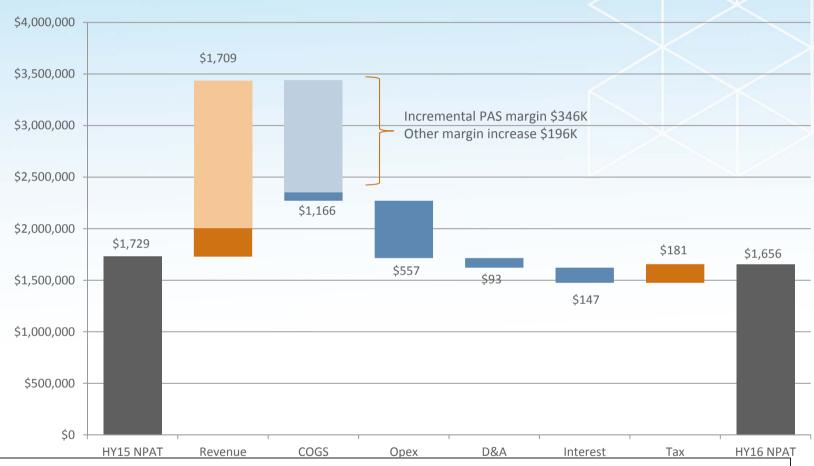
	HY16	HY15	vs HY15 %
Revenue	17,364,243	15,655,738	11%
COGS	-3,406,640	-2,240,253	-52%
Gross Margin	13,957,603	13,415,485	4%
Opex - excluding D&A	-10,796,807	-10,240,206	-5%
EBITDA	3,160,796	3,175,279	0%
Depreciation and Amortisation	-668,682	-575,975	-16%
EBIT	2,492,114	2,599,304	-4%
Financing Costs	-240,790	-93,698	-157%
Profit before tax	2,251,324	2,505,606	-10%
Tax expense	-595,748	-776,500	23%
Underlying NPAT	1,655,576	1,729,106	-4%
Significant items			
Employee share based payments	-198,811	-88,822	-124%
Deferred consideration	-2,070,996	-1,678,249	-23%
M&A and restructure costs	0	-382,214	100%
Total significant items	-2,269,807	-2,149,285	-6%
Statutory profit after tax	-614,231	-420,179	-46%
Operating EBITDA margin	18%	20%	
Operating EBIT margin	14%	17%	





HY16 Operating Profit drivers

Revenue and COGS increases driven predominantly by PAS margins



- Revenue & COGS driven by PAS growth
- Opex reflects a full period of Energy Advice costs
- Higher interest due to higher funding following deferred settlement payments



Revenue growth driven by PAS and CMER

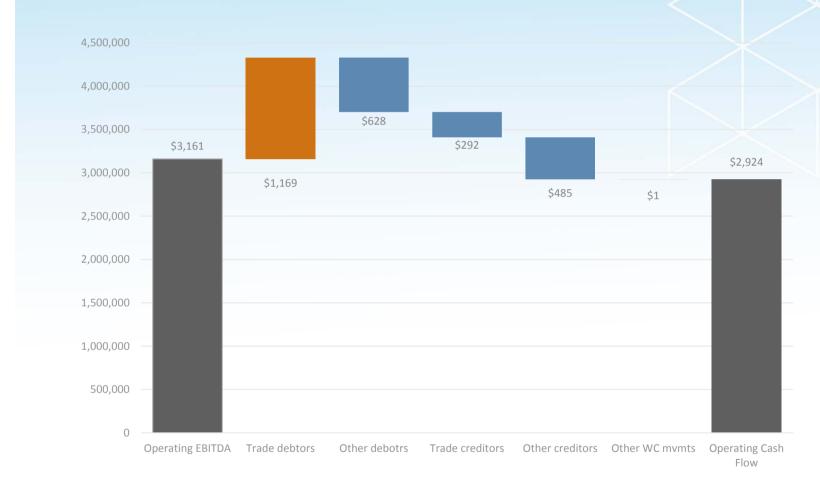
Revenue up 11% versus prior period

	HY16	HY15	vs HY15\$	vs HY15 %
Total Procurement	4,152,726	4,255,081	-102,355	-2%
Total Contract Mgmt & Energy Reporting	8,571,478	8,220,779	350,699	4%
Projects & Advisory Services	4,376,587	2,945,901	1,430,686	49%
Other revenue	263,452	233,977	29,475	13%
Total Revenue	17,364,243	15,655,738	1,708,505	11%

- Procurement revenues down 2% with good growth in Structured Products offset by a decline in the very competitive Electricity Tenders segment.
- CMER up 4% as additional customers commencing service delivery.
- Strong growth in PAS (+49%) driven by Engineering Projects including a major building services upgrade and 500KW of commercial solar projects.



EBITDA to Operating cash¹ conversion rate of 92% Focus on receivables management delivered strong cash result

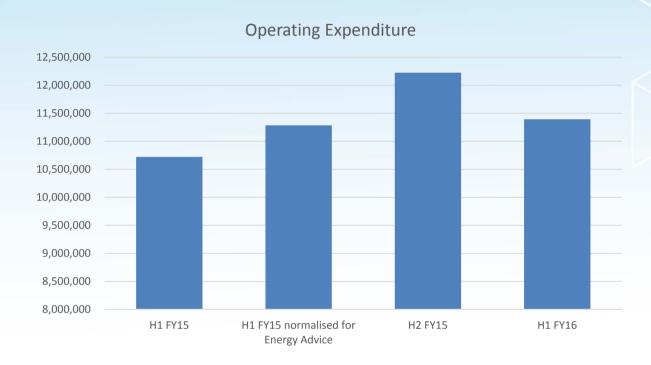


1. Operating Cash Flow before Interest, Tax and Significant Items



Operating cost growth less than CPI

Normalised Opex growth of 1%



- H1 FY15 included four months of Energy Advice costs
- Normalised cost growth of 1%
- H1 FY16 costs approx. 6% below H2 FY15.

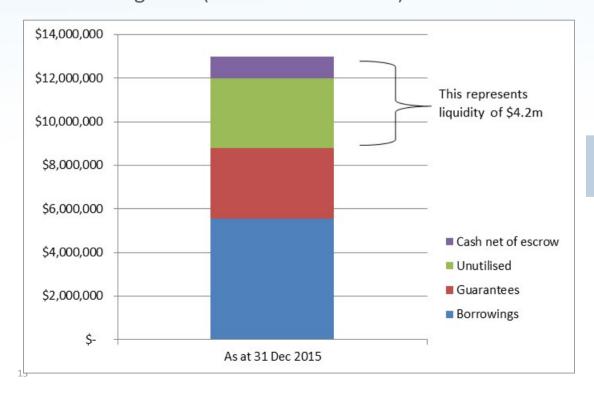


Debt structure and key financial ratios

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 \$5.542 million loan and \$3.239 million in bank guarantees related to the Energy Advice acquisition

Fir	nancial covenant metrics	Target	Dec 31 15
•	Interest cover ratio (EBITDA : Interest)	Min 3.0	11.0
•	Gearing ratio (Total Debt : EBITDA)	Max 2.0	1.6

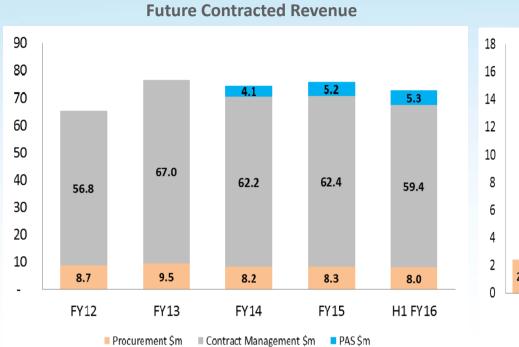


Available facilities and cash on hand of approximately \$4.2 million

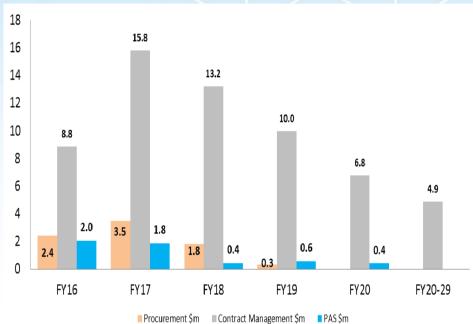


Future Contracted Revenue

\$72.7 million as at December 2015 vs \$75.8 million as at June 2015



Future Contracted Revenue realisation year

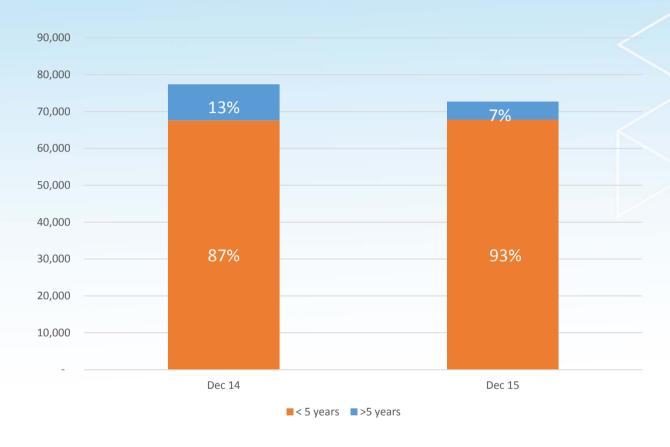


- Quality of forward book improved: 93% of revenue to be realised with 5 years compared to 87% at December 14.
- Future revenue impacted by cancellations on contracts, mainly post 2020



Quality of forward revenue improved

93% of revenue due to be recognized within 5 years, up from 87%



- Quality of forward revenues improved in line with strategy to limit future sales contracts to a maximum of 5 years duration.
- Future revenue impacted by higher than usual level of future contract cancellations, predominantly in Contract Management.

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Operational Performance



Operational Highlights Positives

- Strong revenue growth in PAS (+49%)
- PAS utilization improving delivering improved margins
- Contract Management sites resumes growth up by 425 this half year
- Growth in Structured Products both new clients and expansion of services to existing clients
- Growth in number of auctions (+7%) and higher average \$/MWh auctioned, albeit with lower average consumption per customer
- Operating costs being closely managed like for like cost growth limited to 1% vs pcp
- Brand migration complete with unified branding across the Group
- Good progress on IT streamlining now operating under a single IT domain and CRM, improving ability to respond to clients

Challenges

- Decline in Electricity & Gas Tenders in a very competitive market segment
- Adverse margin mix due to slower growth in high margin Contract Management and Procurement revenue
- Lower future contracted revenues due to higher than forecast cancellations



Energy Procurement

- Energy Action provides a complete range of procurement options including auctions, tenders and structured products. Solutions are tailored to the client's requirements.
- The Australian Energy Exchange (AEX) is Energy Action's online reverse auction platform.
- Energy suppliers competitively bid for large site electricity contracts

	H1 FY16	H1 FY15	Variance	
No of Auctions ¹	969	906	7%	
Average contract duration	23.2mth	25.8mth	-2.6mths	
TWhs procured via Auction ²	2.27	3.0	-24%	
Average \$/MWh	\$53.46	\$43.66	22%	
Total Auction bid value	\$121 m	\$131 m	-8%	
No. of electricity tender events ³	156	223	-30%	
No. of gas tender events ³	108	135	-20%	

- 1. Contracted auctions.
- 2. Annualised figure based on energy only component of bill, excludes network and other charges
- 3. Includes C&I and tariff tenders.



Contract Management & Energy Reporting

- Energy Action offers two contract management platforms, Activ8 and Energy Metrics, which provide contract management services via automated monitoring and reporting
- Key Customer deliverables are:
 - Monthly Bill Verification
 - 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
 - Portal access
- Over 10,000 smart metered sites are under management across Australia
- A multi-utility Bureau service is available providing sustainability, NABERS and NGER reporting

Delivering value to customers in H1 FY16

Tariff reviews and bill validation identified approximately \$4.0m in potential savings for our customers

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Contract Management & Energy Reporting Growth in sites under contract – up 425 sites since June





Projects & Advisory Services Revenue growth driven by Projects – up 198% 2,500,000 1,500,000

Other PAS

 Projects include a major building services upgrade, commercial solar and power factor correction projects

■ HF15 ■ HY16

Projects



500,000



Outlook



Outlook – balance of FY16

- Launch of Activ8 Platinum near real time data service (mid 2016)
- Launch of building efficiency benchmarking service (mid 2016)
- Continued to drive PAS pipeline and further improvements in utilization
- Implement strategic partnership with Sun Edison on commercial solar, storage and product financing solutions
- Maintain tight expense management and focus on cash conversion
- Complete finance systems upgrade (Q3 / Q4)
- Finalise product and service pilots, for offers targeted at generating additional growth opportunities ahead of potential launches in FY17
- Earnings guidance provided on 12th November 2015 for FY16 full year Operating NPAT to be between \$3.4 \$3.9 million is maintained, compared to FY15 Operating NPAT of \$2.7 million



Further information

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All information contained herein is current as at 31 December 2015 unless otherwise stated.



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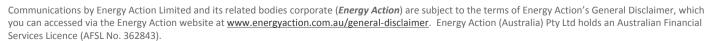


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Appendix



Balance Sheet

BALANCE SHEET AS AT - December 2015					
	31/12/2015	30/06/2015	Variance	% Variance	
Current Assets					
Cash and cash equivalents	1,220,145	1,740,288	(520,143)		
Restricted Cash	1,000,000	1,000,000	-		
Trade and Other Receivables	4,704,437	5,868,825	(1,164,388)		
Other Assets	1,918,527	1,168,986	749,541		
Total Current Assets	8,843,109	9,778,099	(934,990)	-10%	
Non Current Assets					
Trade and Other Receivables	88,726	93,098	(4,372)		
Property, Plant & Equipment	794,691	896,782	(102,091)		
Other Assets	882,182	898,941	(16,759)		
Other Intangible Assets	2,436,803	2,175,485	261,318		
Goodwill	9,942,429	9,942,429	-		
Customer Relationships	1,764,799	1,884,351	(119,552)		
Total Non-Current Assets	15,909,630	15,891,086	18,544	0%	
Total Assets	24,752,739	25,669,186	(916,447)	-4%	
Current Liabilities					
Trade and Other Payables	4,364,915	6,202,922	(1,838,007)		
Provisions	1,259,621	1,277,524	(17,903)		
Total Current Liabilities	5,624,536	7,480,446	(1,855,910)	25%	
Non Current Liability			,,,,,		
Other Long Term Provisions	380,133	372,667	7,466		
Loans and Borrowings	5,227,391	3,759,538	1,467,853		
Deferred tax liability	717,312	557,981	159,331		
Total Non Current Liabilities	6,324,836	4,690,186	1,634,650	-35%	
Total Liabilities	11,949,372	12,170,632	(221,260)	2%	
Net Assets	12,803,367	13,498,553	(695,186)	-5%	
Equity					
Issued Capital	6,537,906	6,537,906	_		
Share Based Payment Reserve	751,965	553,154	198,811		
Retained Earnings	5,533,389	6,422,733	(889,344)		
Foreign currency translation reserve	(19,893)	(15,241)	(4,652)		
Total Equity	12,803,367	13,498,553	(695,186)	-5%	

