

**Energy One Limited**  
**Chairman's Address**  
**2016 Annual General Meeting**



Ladies and Gentlemen

Energy One has reported another year of profitability - its third in a row. Despite slightly lower revenues, tight cost control ensured net profit before tax increased by 9% over 2015, but a much higher tax expense, due to prior tax losses being fully utilised, resulted in net profit after tax (NPAT) falling by some \$223K compared against the prior year. The other salient features of this year's financial result that I wish to highlight are:

- recurring revenue streams now comprise the majority of all the revenues earned by EOL; and
- EOL ended the year with an increased cash balance from the year prior.

Despite the delay in project timings, the Company delivered a reasonably consistent outcome across the year. While revenues for FY16 of \$5.17 million were down 7% on the prior year, reduced costs meant that the NPBT was up 9% to \$924k for FY16. The Company retains a focus on cost control to ensure project revenues are matched to costs. EBITDA for 2016 was \$1.2 million and the Company closed the year with an unrestricted cash balance of \$2.2M.

I have previously reported that Energy One wished to pursue its next phase of growth through both organic expansion and acquisition. Organic growth has been progressing satisfactorily, with both an increase in the number of customers, and also an increase in the number of products being taken-up by those customers. As a result, recurring income is up 23% and is 60% of operating income.

This organic growth has occurred despite a background of volatile and lower energy prices impacting our customers throughout this period. Energy One continued to deliver transformational technology to help our customers adapt and achieve their goals. Delivering complex projects on time and on budget has reinforced Energy One's reputation as a trusted supplier-of-choice for enterprise wide software platforms in the energy industry.

Regarding acquisitions, both Management and the Board have spent considerable time and effort during the 2016 financial year evaluating multiple investment opportunities. Frustratingly, many of these opportunities ended-up not meeting EOL's investment criteria and therefore did not proceed. Pleasingly, one acquisition was finalised not long after financial year end, and you will be aware we have now announced our acquisition of the pypIT software product.

pypIT provides the software so that end users of gas (shippers) can nominate and manage their transportation requirements onto large gas transmission pipelines. This strategic acquisition further cements Energy One's dominant position supplying software for wholesale energy markets. The Company's software is now used to manage 35% of the trading in the National Electricity Market and administers the transport and shipping of 40% of Australia's domestic gas, making us the leading supplier of this software in this market.

The focus on identifying further acquisition opportunities continues. With the majority of domestic opportunities now exhausted, the focus has shifted to a targeted international approach – with a focus on energy markets exhibiting similar characteristics to Australia, in particular the UK, USA, and Western Europe. Significant further work and investment will be expended over the coming twelve 12 months on proving-up these potential markets.

Share market liquidity also remains a priority for the Board. Besides growing the Company, an ancillary benefit of identifying and consummating the right acquisition may be a need for new share issuance that in turn may increase shareholder numbers and share market turnover.

When reviewing the position of the business and the potential for future growth the Board is, of course, mindful of the need to balance further investment against the need to capitalise upon the investments already made. With both these matters and share liquidity in mind, the Board has decided to declare a maiden dividend in this reporting period. This position will be regularly reviewed by the Board in the future.

The Board of Energy One remains committed to maximising shareholder value by both growing, and improving the performance of the business going forward.

In closing, I would like to thank my fellow directors, management and staff for their continued support, dedication, and continued strong efforts throughout the year.

**Ottmar Weiss**

25 October 2016