

Thursday, 19 June 2014

UBS AUSTRALIAN RESOURCES, ENERGY AND UTILITIES CONFERENCE

ERM Power Managing Director and CEO Philip St Baker will be speaking at the UBS Australian Resources, Energy and Utilities Conference in Sydney today. A copy of his presentation follows.



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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.

www.ermpower.com.au



UBS AUSTRALIAN RESOURCES, ENERGY AND UTILITIES CONFERENCE

Philip St Baker, Managing Director and CEO

19 June 2014

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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 and totals are rounded to the nearest appropriate number or decimal. Some totals may not add down the page due to rounding of individual components

OUR BUSINESS IN A SNAPSHOT

Australia's 4th¹ largest electricity retailer with generation and gas assets

- Australia's 4th¹ largest electricity retailer, licenced to sell electricity in all Australian States and mainland territories
- Targeting business customer market
 - Large businesses
 - Small businesses
- Electricity supply exposure is hedged by using owned or contracted generation capacity and derivative contracts

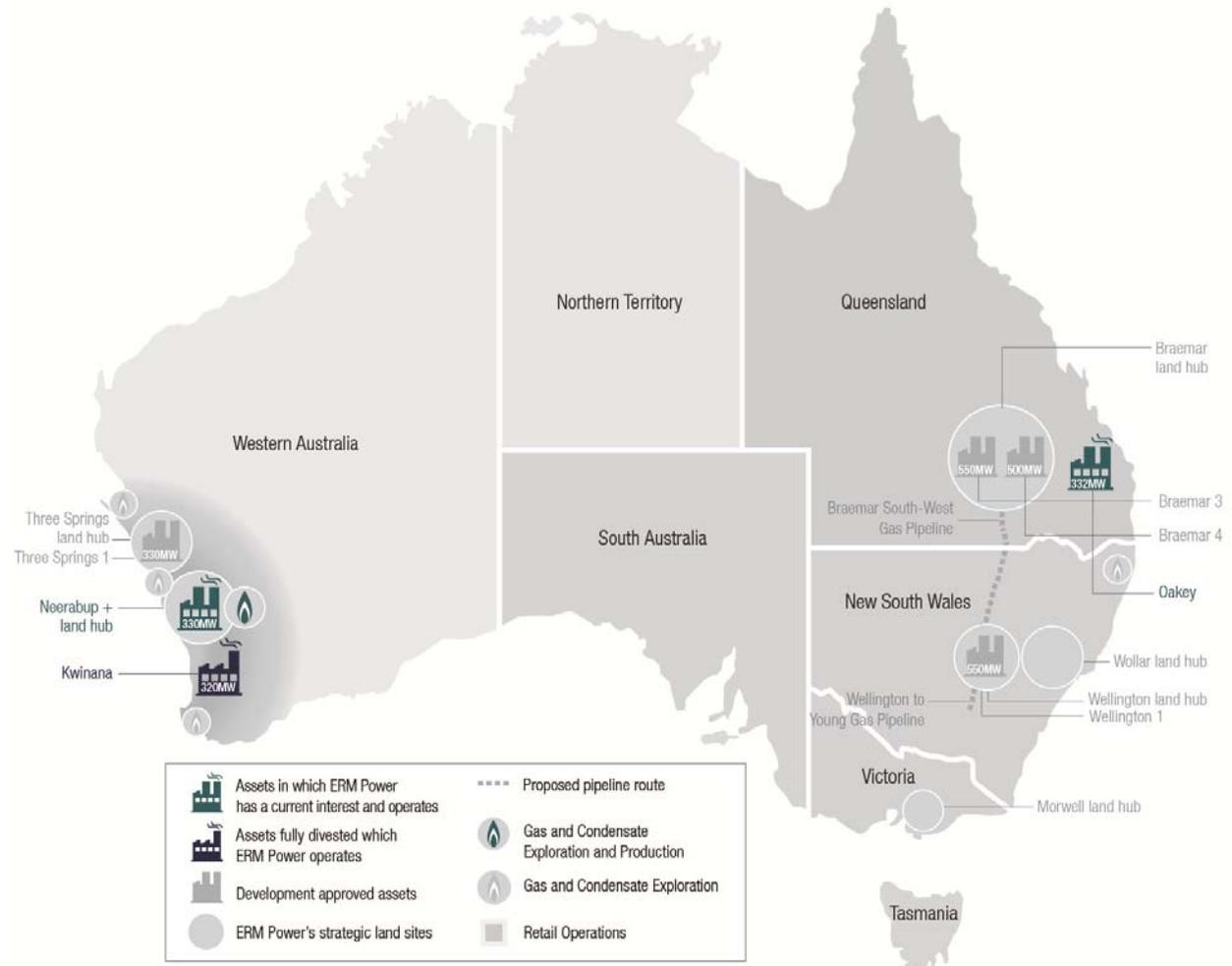


- Conventional and unconventional exploration and production tenements in Western Australia and New South Wales
- Exploring options for the gas business, including potential demerger
- Ownership interest in, and operator of, two low emission gas-fired peaking power stations
 - Oakey (100%) in Queensland
 - Neerabup (50%) in Western Australia
- Since inception, ERM Power has developed >2,600MW of generation and has a further >2,000MW approved for development

¹ ERM Power's forecast league table for electricity sold in the National Electricity Market (NEM) for FY2014

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.



HISTORY OF GROWTH

- Listed on ASX since December 2010 (ASX: EPW)

- **CAGR¹ (FY2011-FY2013)**

— Electricity sales (TWh sold)	41%
— Revenue	70%
— EBITDAIF ²	37%
— Underlying NPAT ²	162%
— Dividends ³	73%

- **Forecast CAGR (FY2013-FY2015⁴)**

— Electricity sales (TWh sold)	24%
— EBITDAIF	11%
— Underlying NPAT	25%

¹ Compound annual growth rate (CAGR)

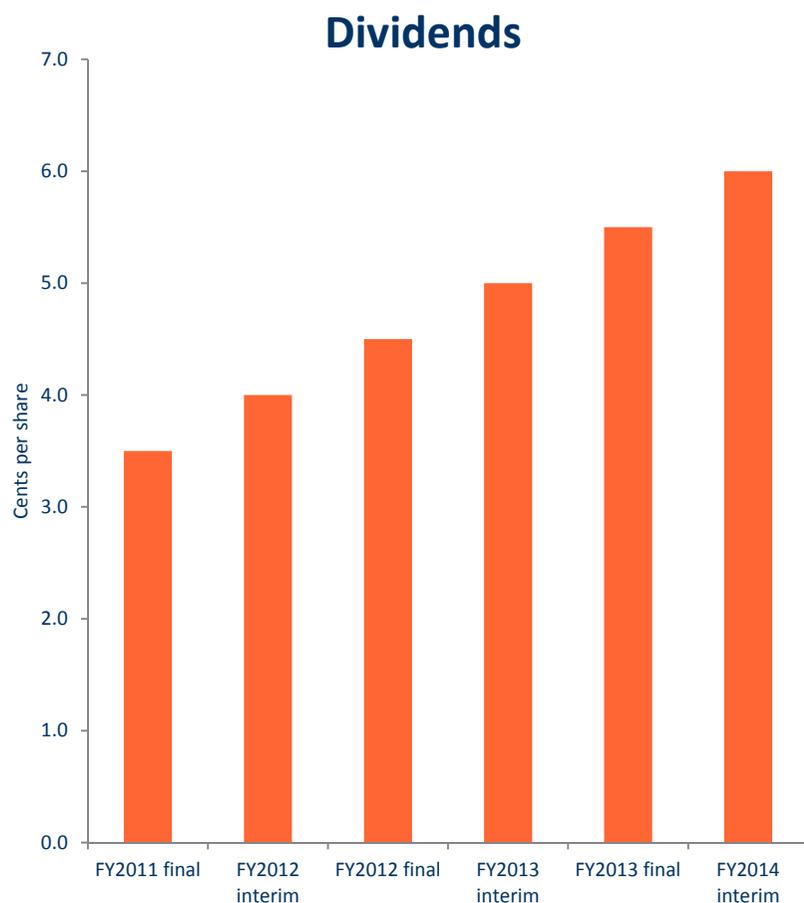
² excludes the following significant items:

FY2013: the cost of the Neerabup arbitration and the costs of entering the small business market, staff rationalisation and depreciation adjustments.

³ Dividends declared for relevant financial year

⁴ FY2015 based on guidance including mid-point of EBITDAIF and underlying NPAT guidance ranges

CONSISTENT GROWTH IN DIVIDENDS



- Strong growth in dividends since IPO
- All dividends fully franked to date
- Progressive dividend policy subject to profitability and cash flow requirements

ELECTRICITY SALES

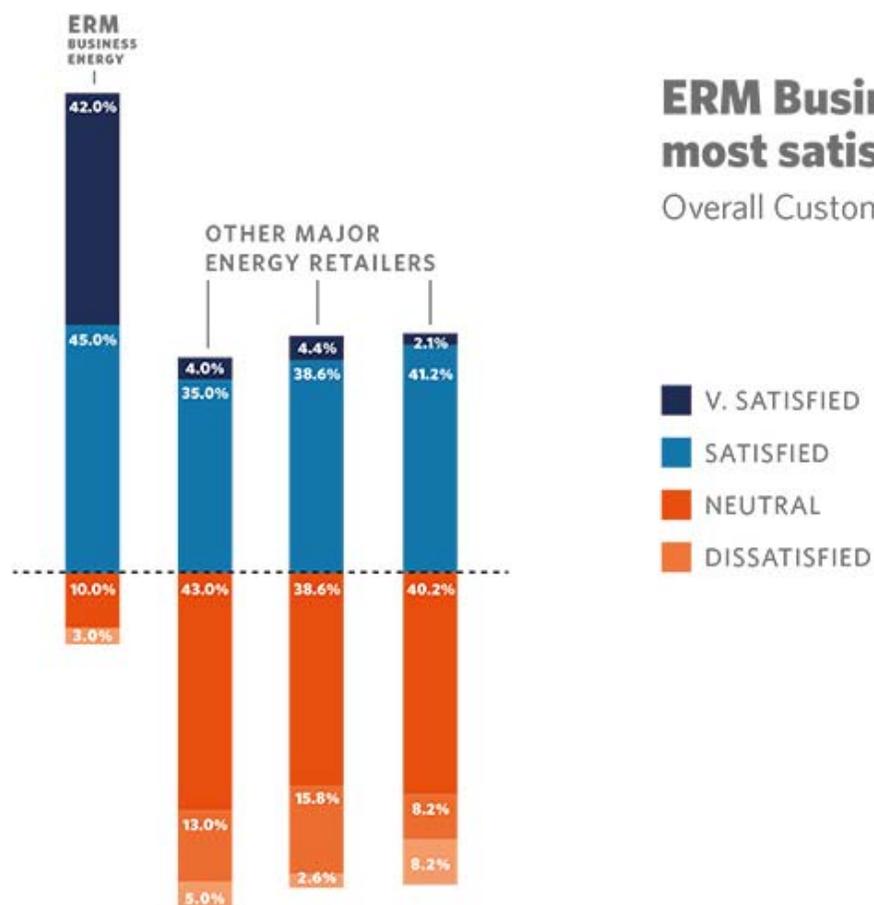
- Trading as ERM Business Energy, dedicated to business customers
- Grown to become 4th¹ largest electricity retailer in Australia in just seven years
- Accounting for 7.5%¹ of all electricity sales in NEM²
- Diversified customer base: >24,000 meters³
- Sales diversification³ includes 36% Qld, 30% NSW and 25% Victoria
- Strong growth in NSW (58%), Victoria (43%) in H1 FY2014

¹ ERM Power's forecast league table for electricity sold in the National Electricity Market (NEM) for FY2014

² National Electricity Market

³ May 2014

NO.1 FOR CUSTOMER SATISFACTION

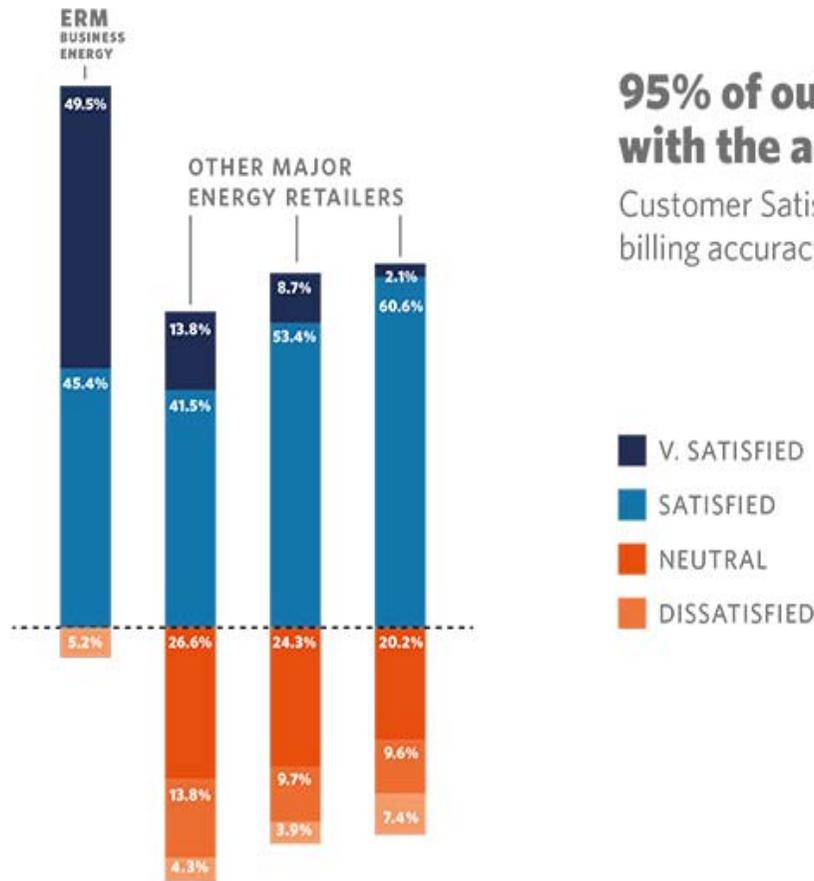


ERM Business Energy has the most satisfied customers.

Overall Customer Satisfaction by retailer

- V. SATISFIED
- SATISFIED
- NEUTRAL
- DISSATISFIED

NO.1 FOR BILLING ACCURACY



95% of our customers are satisfied with the accuracy of their bill.

Customer Satisfaction with billing accuracy by retailer

- V. SATISFIED
- SATISFIED
- NEUTRAL
- DISSATISFIED

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.

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% (financial year to date)**
- **Billing collection rate 99.72% (financial year to date)**
- **We have achieved this industry-leading performance level by designing, building, owning and operating our own retailing systems and processes**

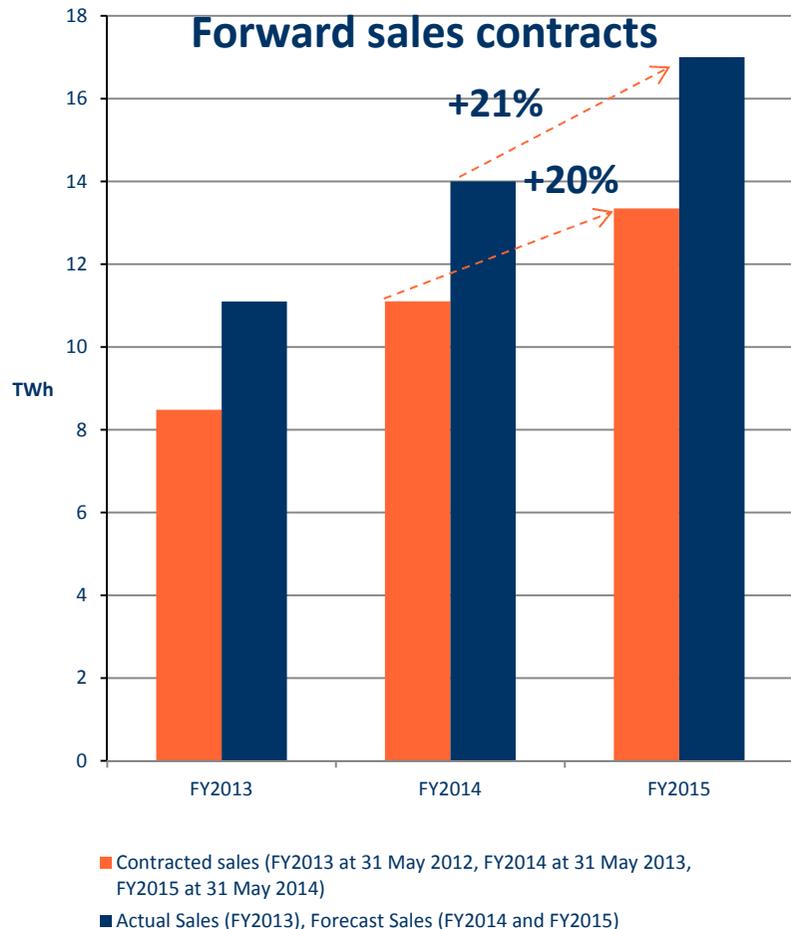
BUSINESS ENERGY BENCHMARKING

- We benchmark ourselves against global best practice to ensure we maintain our competitive edge
- We study trends in other markets to identify innovations that allow us to improve our customer service
- Our executives regularly visit offshore markets including US and UK
- Innovations include our demand response product introduced under an agreement with US-based EnerNOC
- Benchmarking has also highlighted the growing importance of brokers and consultants and reinforced the benefits of our strong relationship with them

SMALL BUSINESS

- Offering competitive pricing and industry leading service to small businesses and small sites of large businesses
- Service offering based on world class IT platform
- Business launched with 10,000 NSW sites in July 2013
- 13,500 customer sites transferred since launch with another 3,500 under contract and pending transfer
- Targeting further multi-site customers – the “corporate tails” of large customers’ small sites
- Also targeting single site customers via marketing to drive traffic to automated online sign-up portal

GROWTH IN CONTRACTED SALES



- Electricity sold in 2.5-3 year contracts which are signed in advance of start date
- 79% of FY2015 forecast sales have been contracted
- FY2015 contracted sales currently 20% higher than FY2014 contracted sales at same time a year ago
- FY2015 forecast sales are 21% higher than FY2014 forecast sales

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 diesel
 - High availability¹ - 99.7%

- **Neerabup Power Station (WA)**
 - 50% owner, operator
 - 330MW peaker
 - Two units
 - Gas fuel
 - High availability¹ - 99.99%

¹IEEE Standard used for calculation of availability

OAKLEY POWER STATION

- **Off-take contract ends 31 December 2014**

- **Post-contract options include:**
 - Internal use by our electricity sales business (vertical integration)
 - Selling financial products in the wholesale market
 - Selling specialised financial/physical products – such as gas tolling agreements to gas and/or electricity market participants

PRIORITIES

- **Delivering guidance**
- **Continuing to grow large customer sales**
- **Delivering a breakthrough on small customer sales**
- **Restructuring gas assets to minimise capital demands**
- **Optimising returns from Oakey post contract**
- **Continuing to improve costs**

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