

19 February 2015

## Energy Action delivers half-year Operating NPAT of \$1.7 million

- **Revenue up 30% to \$15.6 million**
- **FY2015 Operating<sup>1</sup> NPAT of \$1.7 million**
- **Projects & Advisory Services revenue up 107%**
- **Half year dividend of 2.59 cents**
- **Future contracted revenue at record high of \$77.4 million**
- **Energy Advice integration tracking to plan**

Energy management and procurement company, Energy Action Limited (ASX: EAX) (“Energy Action”), today reported half-year FY2015 results, delivering Operating<sup>1</sup> Net Profit After Tax (NPAT) of \$1.7 million, a 12% decrease on the previous corresponding period. The company reported a statutory NPAT loss of \$0.4 million.

The first half of FY2015 saw a significant growth in revenue over the prior corresponding period, with contributions from the recent acquisition of Energy Advice and Exergy.

Revenue for the first half of FY2015 was \$15.6 million, up 30% (FY2014: \$12.0 million) and basic Operating earnings per share (EPS) was 6.67 cents per share.

The Directors have declared a fully franked final dividend of 2.59 cents per share for the six months to 31 December 2014, payable on 22 April 2015.

Key Financial Metrics	FY15 half year	FY14 half year	Variance
<b>Revenue</b>	\$15.6m	\$12.0m	30%
<b>Operating NPAT<sup>1</sup></b>	\$1.7m	\$2.0m	(12%)
<b>Statutory NPAT</b>	\$(0.4)m	\$1.9m	(122%)
<b>Future contracted revenue (\$m)</b>	\$77.4m	\$74.5m (June 2014)	4%
<b>Basic earnings per share (Statutory)</b>	(1.62)c	7.46c	(122%)
<b>Dividend per share</b>	2.59c	3.73c	(31%)

1 – Before deferred consideration acquisition costs related to the Exergy & Energy Advice acquisitions (\$1.7m), share based payments associated with Energy Action’s PROP (\$0.1m), and restructuring and M&A costs (\$0.4m)

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## Operational Highlights

During August 2014, Energy Action announced the acquisition of EnergyAdvice, a specialist Energy Procurement and Contract Management consultancy firm. EnergyAdvice is headquartered in Melbourne, with offices in Sydney and Brisbane and has a customer portfolio representing over 15% of the top 400 energy users in Australia. The company has highly complementary skills sets and service offers to Energy Action, and since acquisition, the key focus and intent has been successfully integrating management teams and driving revenue synergies with the existing organisation.

A major operational milestone by Energy Action in the half was the launch in January 2015 of the customer portal, allowing customers to monitor energy consumption, carbon footprint and spend across complex national portfolios of hundreds of sites and multiple retailers. Initial customer feedback has been very positive, and the portal provides an ideal foundation for Energy Action to provide new premium service offerings to be launched to clients in FY2016.

Energy Action also enhanced the Australian Energy Exchange (AEX) to facilitate auctions in the Western Australian market. This service was launched in December 2014, and has produced an immediate increase in both customer and retailer activity in the Western Australian market. A total of 960 successful auctions or tenders were completed over the period, compared to 680 for the previous corresponding period.

Despite the conclusion of service delivery for several large client portfolios, future contracted revenue has increased following the acquisition of EnergyAdvice. The sales performance of future contracts in the first half has also improved, while future contracted revenue increased 4% from \$74.5 million at 30 June 2014 to \$77.4 million at 31 December 2014. This significant future revenue stream underpins the Group's growth and provides annuity style income.

Operational Metrics	FY15 half year	FY14 half year	% change
<b>MWhs procured</b>	5,371	1,742	209%
<b>Average AEX contract duration (months)</b>	26	27	(4%)
<b>Average \$/MWh</b>	\$43.69	\$49.62	(12)%
<b>Total procured electricity value<sup>3</sup></b>	\$235m	\$86m	173%
<b>No. of sites under Contract Management Services</b>	10,673	8,871	20%

3 – Energy component of contract only, i.e. excludes network and environmental charges

## CEO commentary

Energy Action's CEO Scott Wooldridge said: "The first half performance was impacted by a lower than expected performance in the Project and Advisory Services (PAS) business and an unanticipated gap between the conclusion of a number of larger Contract Management service engagements and the commencement of newly acquired contracts. An improvement in PAS sales opportunities is expected in the second half of FY15 following recent increases in the level of new business generation."

"Some of the key initiatives undertaken by the business in FY2014 include the launch of the customer portal, the acquisition of Energy Advice and the launch of the AEX platform in Western Australia.

We are confident that these measures, combined with improved performance in several areas of the business, will ensure that Energy Action is well placed to take full advantage of future growth opportunities."

## Acquisition integration status

Energy Action is making good progress on integrating the recent acquisitions of EnergyAdvice and Exergy, and the business is now operating under a combined organisational structure. The EnergyAdvice business is tracking to plan and revenue opportunities, including the cross promotion of EnergyAdvice offerings such as Gas Metrics to Energy Action customers and vice versa, has commenced. Further integration activities including the commencement of systems integration is planned for the second half of FY15, which will assist to further streamline the business' operations.

## Outlook

Energy Action's CEO Scott Wooldridge continued: "The solid revenue growth and continued progress integrating recent acquisitions has provided Energy Action with the scale to focus on operational synergies and drive improved productivity and profitability. This integration remains Energy Action's main business priority in the second half of the financial year."

Other key priorities include:

- Drive the uptake of the customer portal
- Continued focus on sales growth, including procurement in Western Australia, and the promotion of EnergyAdvice offerings such as Gas Metrics to Energy Action customers and vice versa
- Further invest in the AEX platform to support tenders and requests for proposals in addition to the auction platform

Energy Action provided a trading update on February 10, 2014 advising full year Operating NPAT is expected to be in the range of \$4.2 million to \$4.8 million for the FY15 year.

**ENDS**

## Further information:

**Scott Wooldridge, CEO: (61 2) 9633 6471**

**Michael Fahey, CFO: (61 2) 9633 6405**

## Released through:

**Sam Wallman, Six Degrees Investor Relations: (61 2) 9230 0661, 0405 399 430**